

Personal tax rates to escape Budget increase

Personal income tax rates will not be tampered with in the Budget, expected on March 10 or 17, whatever indirect tax increases might be necessary. The Government hopes to preserve incentives for individuals, and particularly small businesses, as a way of creating new jobs. The message last night was that the Budget might be less tight than feared.

Government set on keeping incentives

By Fred Emery
Political Editor
The Government is determined not to tamper with personal income tax rates, as reduced in 1979, whatever other tax increases might be necessary in the forthcoming Budget. That was learnt on high authority yesterday.

The incentive structure, as it was being called, must be preserved towards individuals, and even encouraged towards small businesses as one of the mainstays of creating new jobs. The Budget, of course, is for Sir Geoffrey Howe, the Chancellor of the Exchequer, to prepare: officially, yesterday, it was learnt only that an announcement will be made in the Commons on Thursday regarding Budget day, expected to be March 10 or 17.

But yesterday's authoritative word is the first clear indication from the Government that its post-election income tax cuts are to be protected, at least so far as the actual tax rates are concerned. Nothing less, of course, would have been compatible with the copious promises the Conservatives made in their election manifesto. "We shall cut income tax at all levels to reward hard work," the section began. Until yesterday it had seemed possible that the Government might have to go back on that promise. The public sector borrowing requirement has been soaring ever higher, as yesterday's central government borrowing figures for December confirm. A resort to higher taxation in the event of failure to finance it had been predicted by ministers.

Mr John Nott, then Secretary of State for Trade, said in a television interview on December 16 that "we would have no recourse but to increase the income size of the balance sheet".

Other ministers have been unimpressed. Senior Conservatives like Lord Thorneycroft, party chairman, have been waging a campaign with the Prime Minister against any resort to increased taxation. The Conservatives are concerned, they appear to have

had success. But it is still likely that the tax "take" from individuals and firms alike will increase.

The Chancellor, in his November measures, announced new national insurance contributions from April, which are a form of direct personal taxation.

But it now seems likely that the Government also will allow inflation to cause people to pay more tax. Last year the Government "clawed back" some of the benefit of indexing personal tax rates by abolishing the low 25p tax rate.

It is likely in the forthcoming Budget that there will be less than a full uprating for inflation on personal allowances. That would allow the tax rates to remain overtly unchanged while increasing the "take" for the Government.

Other indirect taxes remain on the agenda. There is no clear indication of the targets, but the tone of yesterday's message, at the heart of government, was that the Budget might not be so tight as had been generally feared.

The word was that with falling inflation, and further reductions expected in interest rates, small businesses, above all, had got to be given further encouragement in the Budget. That has been fore-shadowed by Sir Geoffrey Howe. But the renewed emphasis indicates that hopes are being rested on a stimulus to small businesses, particularly in new technology fields.

Big companies, even assuming economic recovery, and expansion are not expected to produce the needed new jobs. The same quarters are resisting any notion over complacency regarding the so-called new realism on the shop floor. What has been achieved so far by way of wage moderation is, while welcome, not enough.

But one expense is to be preserved: the Trident submarine missile replacement for the independent nuclear deterrent. It is seen as vital to Nato as well as Britain, and is regarded as cheap at the price. Conservative backbench members to the contrary will be ignored.

Public borrowing likely to outstrip targets

By John Whitmore
Financial Correspondent
The public sector borrowing requirement (PSBR) is increasingly likely to exceed the Government's revised estimate of £11,500m in the present financial year.

Figures released yesterday showed a further sharp increase in the main components of central government expenditure in December and an overall borrowing requirement for the month of £2,311m.

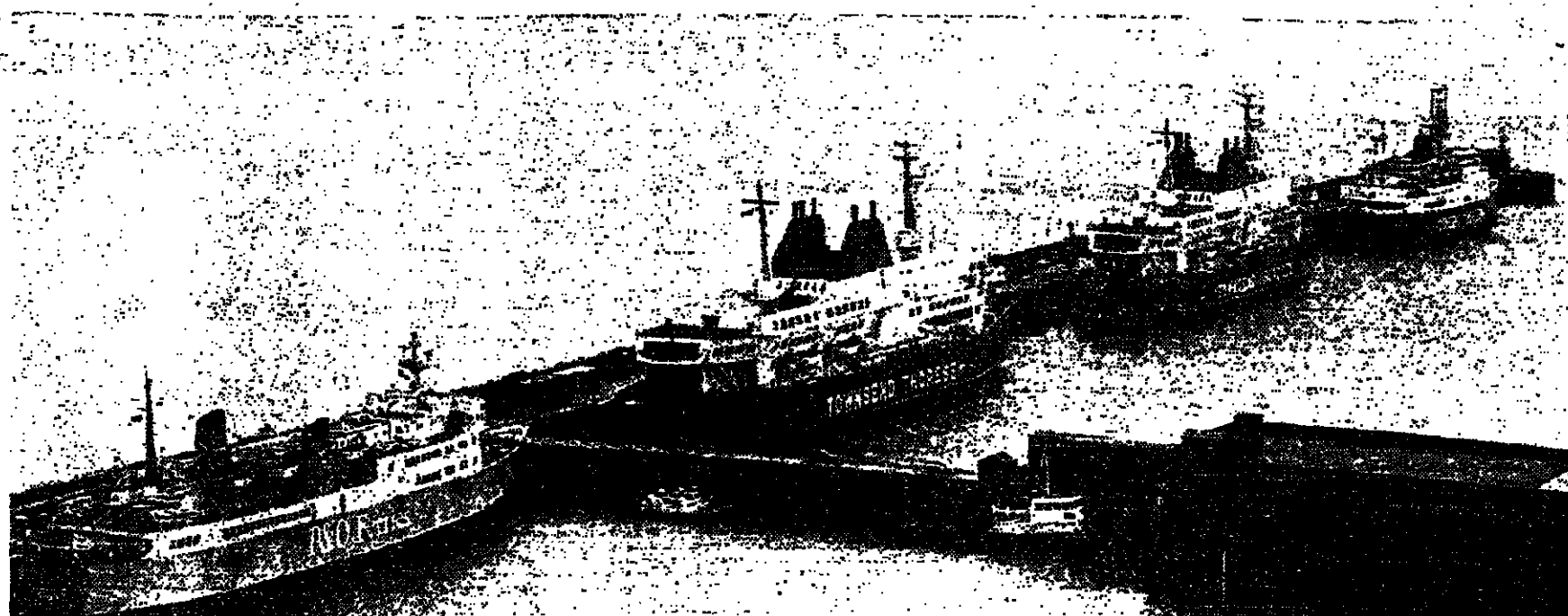
That figure brings the total central government borrowing requirement in the first nine months of the present financial year to £13,059m, compared with £10,183m at the same stage last year. The Exchequer will benefit from the main tax-gathering season in the next quarter, but the estimate is still likely to be exceeded.

In the Budget last spring Sir Geoffrey Howe, Chancellor of

the Exchequer forecast a PSBR of £8,500m for the 1980-81 financial year. In November he revised the figure to £11,500m. However, all PSBR forecasts are subject to large margins of error and at present it looks as if the likely outcome for the full year is continuing to drift upwards.

Recent internal Treasury forecasts are thought to have put the figure above the £12,000m level, and many City analysts are looking for a figure of around £12,000m to £13,000m.

The main problem for the Government continues to be the control of public spending. Supply service expenditure, which covers the bulk of central government spending, rose by 27 per cent in December, though the rate of increase after the first nine months of the year, at 24.8 per cent, is slightly down on the figure after six months.



Some of the 18 ferries halted by the seamen's strike at Dover yesterday. But most passengers were able to transfer to foreign-crewed ships or hovercraft.

Striking seamen reject 12% as ferries lie idle

By Paul Routledge
Labour Editor
National leaders of the striking seamen have decided to reject the shipowners' final 12 per cent pay offer despite a 24-hour extension of the employers' deadline for acceptance. Industrial action will continue, and cross-Channel services from Southampton, Weymouth and Portsmouth will be affected from midnight tonight for 24 hours.

Elsewhere, ferry services will return

to normal for a time under the "guerrilla" tactics of the National Union of Seamen which has intensified its industrial action in support of a pay claim. On the first day of disruption, the union claimed that 166 ships had been held in the United Kingdom and ports throughout the world. The figure is disputed by the shipowners, who say that 42 vessels have been halted.

The 16-member NUS executive meets tomorrow to hear a full report of the unsuccessful weekend peace initiative by the Advisory, Conciliation and Arbitration Service (Acas). The union's three national officers will recommend rejection of the latest offer, and there is little doubt that their view will carry the day.

But while the formal business of organising NUS action proceeds, the union is also winning support from key

members of the Transport and General Workers' Union among tugboatmen, linesmen and lock-gate workers, whose job is to keep quayside traffic moving. Mr Sam McCloskie, the union's deputy general secretary, said yesterday: "If we can block berths then that could be ideal. It takes only two or three ships to block some of the biggest ports in the country."

NUS tactics are now clearly aimed at producing the effect of a national shipping strike without calling out all the union's members, a measure that would not only deplete its funds but require a majority in a secret postal ballot.

Seamen in the North Sea oil port of Aberdeen have asked their union to hold a ballot authorising a "national and international stoppage" to force

the shipowners to go to arbitration on their claim.

The seamen's executive is most unlikely to take up that proposal, but the NUS dispute committee running the strike is carefully keeping the numbers involved below half the membership so as to keep within the rule book requirements. "We shall observe the rules," Mr McCloskie said. "We cannot do other."

The test of when a strike becomes "national" and then subject to a ballot is apparently when a majority of the membership is drawn into it. "What we are trying to have is the maximum impact on the shipowners, and the minimum on our members", he added.

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Parliamentary report, page 8
Going for the money, page 12

Mr Steel's 10 ways to revitalize economy

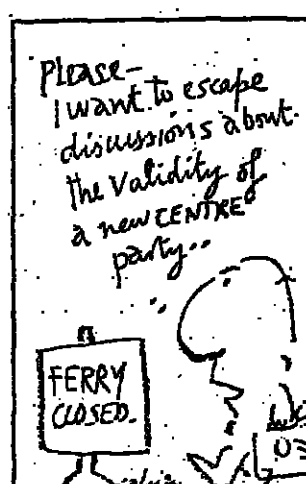
By George Clark
Political Correspondent
Launching a 10-point programme for economic recovery, which consists of a concise statement of Liberal Party policies agreed over recent years, Mr David Steel, the Liberal leader, said yesterday that it could form the basis for discussions with any group of Labour MPs who may decide to break away from their party and form a social democratic group.

He was neither optimistic nor pessimistic about the possibility of Labour MPs breaking their party ties as a result of the increased power of the Left in policy making.

He said: "I have my views on what should happen. I feel strongly that they have to reach a point where they stop consulting their consciences and actually come to a decision about what they will do. I hope that decision will come within a few weeks of the Labour Party special conference on January 24."

"I think there will be a small group of Labour MPs who will leave the Labour Party. There is considerable division of opinion within their own ranks."

One of the main points in the programme, calls for a long-term income policy, which relates wages increases to economic success, while protecting the interests of those with less



bargaining clout. "It was not sensible to talk of 'free' collective bargaining or a 'free' labour market in Britain with its excessive concentration of wage negotiation into a few hands, particularly in the public sector where the Government itself was the employer."

"Nor is it sensible to think of inevitable annual increases in a period of oil or minus economic growth."

The Government had to work positively with the growing points of the mixed economy, and should not stand idly by for reasons of ideology. The aim should be to make the public sector more efficient.

Continued on page 2, col 4

Soldiers on trial for two Ulster murders

From Christopher Thomas
Belfast

Two men were murdered by serving members of the British Army on a farm in Northern Ireland in December 1979. It was alleged that Belfast Crown Court yesterday.

The soldiers were members of The Argyll and Sutherland Highlanders and killed the men with stab wounds, probably using a double-edged dagger, it was added. A captain is accused of withholding information.

Four men, three of them still serving with the Army, appeared before Mr Justice MacDermott without a jury. Two of them pleaded not guilty to double murder and one denied one murder. The fourth admitted withholding information.

The victims were Mr Michael Naan, who farmed near Newtownabbey in the border district of County Fermanagh, and Mr Andrew Murray, a farm worker. Both were Roman Catholics.

Staff Sergeant Stanley Hathaway, aged 33, of 1 Armoured Division, Neirberg, West Germany, is accused of murdering both men, as is Sergeant John Byrne, aged 33, of Colchester, Essex.

Iain Chestnut, aged 32, of Aberdeen, a former lance corporal in the Argylls is accused of murdering Mr Murray. Captain Andrew Snowball, aged 28, admitted withholding information about the murders.

Mr Alan Comerton, QC, for the Crown, said Mr Murray had at least seven wounds in the chest and six in his back.

Mr Naan had at least 17 wounds to the chest.

Mr Comerton alleged that Sgt Hathaway went to a byre at the farm to question Mr Naan and did not find him cooperative. For no legal or proper reason he stabbed him.

"Hathaway came out of the byre and found that the other person (Mr Murray) was being held in custody," he added. "Hathaway decided to kill Mr Murray for no other reason than to do away with what he saw as the only witness to the horrendous act in the byre. He lived at least 13 stab wounds to Mr Murray."

The judge said the case against Captain Snowball would be adjourned until the end of the trial of the other men.

The trial continues today.

Snow strands trains in France and Spain

From Ian Murray
Paris, Jan 12

The heaviest snow for 20 years fell in the South of France today, trapping trains, bringing down power lines and cutting off main roads into Spain. The south west was particularly badly hit, with the Department of the Aude almost cut off under an 18in covering of snow.

Three trains with a total of around 2,000 passengers, were blocked on lines near Carcassonne. Rescue helicopters could not take off and police had to battle through snowdrifts to bring food to the trapped passengers. It was not until this morning that coaches could be brought up to take the people off.

Two 60,000-volt cables were brought down across the motorway linking Narbonne with Carcassonne and power supplies to much of the area were disrupted. Although 200 engineers were sent in to try to clear up, it was not expected that supplies could be restored for hours. About 80 per cent of electricity supplies in the Toulouse region were cut.

Train crash: At least three people died and 20 were hurt in a commuter train crash as a result of a flood near the northern city of San Sebastian today (Harry Debellus writes from Madrid). Half of Spain felt the effects of a continuing snowstorm which marooned express train passengers, isolated numerous villages and, in Madrid, caused multiple collisions involving as many as 120 cars.

Señor Adolfo Suárez, the Prime Minister, arrived at Madrid's Barajas airport by helicopter this morning to welcome Mr Isaiar Ibrahim, the Vice-Chairman of the Revolu-

tionary Council of Iraq, on an official visit.

He greeted the Iraqi leader alone, since the military guard of honour, members of the Iraqi Embassy and top Spanish officials failed to arrive on time. They were held up by a 120-car collision on the airport road. There were no serious injuries in that crash.

Snow drifts blocked the way of six passenger trains, three of which remained trapped in northern mountain passes. Ski troops of the paramilitary Civil Guard forces came to the rescue of passengers on one of the snowed-in trains, carrying food and first-aid supplies. A spokesman for the national railway system, RENFE, said that all of the snowed-in trains had sufficient food and fuel to last until the tracks could be cleared of heavy drifts.

West Germany: Police said three people died and 20 were injured in 170 weekend traffic accidents in northern areas. Bavarian temperatures fell to -13°C, but Alpine snow was reported firm.

Switzerland: Geneva was affected by a record 8in snowfall closing the airport for several hours.

The bodies of two Italian skiers were discovered today near Zermatt on the Italian border, near where three skiers died last week.

Greece: A baby boy being taken to hospital with pneumonia died in a car trapped by weekend snowfalls. He was one of eight people to die of hypothermia in what meteorologists described as the coldest weather to affect Greece in more than 10 years.—UPI.

Continued on page 6, col 8

Gunmen kill Arab MP in Jerusalem

From Christopher Walker
Jerusalem, Jan 12

Israel's most prominent Bedu politician, Shaikh Muhsin al-Khatib, aged 35, was shot dead tonight by unidentified gunmen.

He was killed as he sat alone in his car close to an hotel on the western outskirts of Jerusalem where he stays during Knesset sessions.

A big Israeli security operation was immediately mounted in the vicinity of the hotel. Later Mr Tawfiq Toubi, an Arab Communist MP, claimed that Shaikh al-Khatib's killing was "a political murder". It was noted in Israeli political circles that Shaikh al-Khatib had recently been involved in a bitter dispute with rival Arab politicians about his alleged refusal to hand over his Knesset seat under previously agreed rotation procedure.

The murder had all the hallmarks of a carefully planned terrorist attack. Shaikh al-Khatib was described by witnesses as having been shot by gunmen travelling in a vehicle of "military appearance".

The killing is believed to be the result of either an inter-Bedu feud or an act of vengeance by extremist Jews.

An MP since 1978, Shaikh al-Khatib lived in a remote part of the southern Negev desert where he was known as a fierce defender of Bedu rights against attempts by the Israeli Administration to expropriate land.

He was politically affiliated to the opposition Labour alignment.

His murder comes at a time of growing controversy in Israel about the rights of the Beduin, many of whom have claimed that they were being driven unfairly off their lands by the Israeli Government without being given adequate compensation.

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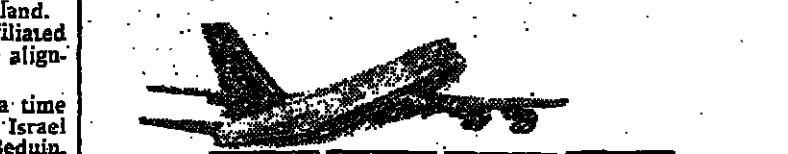
Fast asleep



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South African Airways
Where no-one's a stranger

Hostages may be freed by end of week

The 52 American hostages held in Iran for 14 months could be free by Friday if the United States accepts "our just rights", Ayatollah Hashemi Rafsanjani, Speaker of the Iranian Parliament, said. He also said in Tehran that the Americans' freedom might come before the "financial and judicial differences" between the two countries go to arbitration. There was more diplomatic activity in Algeria.

More Ford workers vote for pay deal

Ford workers at eight plants, employing 13,000 of the company's 57,000 work force, voted in favour of accepting the management's "final" 9.5 per cent pay offer, which was rejected by union negotiators. Day staff at Dagenham, usually a good indicator of how the overall vote will go, voted in favour. Much still depends on the militant Halewood plant.

British Airways can borrow £85m more

British Airways is to be allowed to borrow a further £85m to meet its running expenses. The state-owned group believes losses for the year ending in March could be as high as £100m, despite a reduction in capital spending of £150m. The airline's losses for the year to March will be £400m below budget.

Thorn legal threat

France, West Germany and Belgium have been warned by Mr Gaston Thorn, the new President of the European Commission, that legal action would be taken against them if they failed to make their full contributions to the EEC budget. The Commission is backing the European Parliament in the budget dispute.

Prison peace offer

Mr William Whitelaw, Home Secretary, pressed the way towards prison officers' dispute by offering them as much time as necessary to consider a reduction in working hours and payment for meal breaks.

Safety fears for drug wipe £10m off shares

Pisons is to stop the development of a new anti-asthma drug, due next year, because of fears over long-term safety. The stock wiped more than £10m off the group's market value of the pharmaceutical group. Last week the group announced 1,100 redundancies in its fertilizers division.

Labour divisions: Mr Scargill has accused MPs of elitism and of being responsible for party splits

Poland: Solidarity-trade unionists have threatened to strike after being evicted from the municipal building they had been occupying.

South Korea: President Chun announced that the presidential election would be held next month after lifting of martial law

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HOME NEWS

Labour meeting fails to end doubts on reselection procedure

By Our Political Staff

Doubts about the procedure to be used by a constituency Labour party when it comes to reselecting or rejecting a sitting MP were not resolved by a meeting of the party's organization committee at the Commons last night.

Mr Eric Heffer, MP for Liverpool, Walton, the chairman, said afterwards that although his committee had passed a proposed amendment to the rules governing reselection, he was not satisfied that the position was clear.

He would consider the matter again and would give his views when the national executive considered the matter at the end of the month.

The confusion involves the division of responsibility between the executive committee of the local party and the larger general management committee, which will have the final decision about the adoption of the candidate.

Some Labour members feared that an executive committee, even if there were other members, would simply decide to back the sitting MP and put forward a "short list" of only the MP's name, leaving the management committee no opportunity to consider other names.

By six votes to five the organization committee last night agreed that a short list of one would be permissible only if no other names were received by the executive committee.

It was being pointed out last night, however, that that would not be the assurance to a sitting MP which the change might imply, because the clause in the rules enabling the management committee at the

final stage to add to the list and to delete the MP's name.

A letter was received from the right-wing Social Democratic Alliance, which was proposed as a Labour organization after its decision to put up candidates at the next election in opposition to following Labour MPs. The alliance sought to appeal against the decision to the special party conference to be held in London on January 24.

The committee decided last night to inform the alliance that that could not be done, because the conference agenda was limited to a decision on methods of electing the leader and deputy leader of the party.

But the committee said it would try to arrange for the appeal to be made to delegates at the annual conference in the autumn.

A subcommittee was set up to investigate allegations that the Electrical, Electronic, Telecommunications and Plumbing Union was seeking improperly to affiliate branches and send delegates to meetings of the Southwark and Bermondsey party.

Mr David Hughes, national agent, reported to the committee that the union had conformed to the party's constitution.

Nevertheless the committee, by five votes to three decided to investigate the matter and the general question of trade union affiliations to local Labour parties.

A complaint from the Southwark and Dulwich party was adjourned. It concerned procedures to be followed before the selection of a candidate to succeed Mr Samuel Silkin, the present MP who has announced that he will retire at the end of the present Parliament.

Block grant system 'arbitrary'

By Christopher Warman
Local Government Correspondent

The new block grant system for financing local government will be more complex and arbitrary than the previous system, it is suggested in an analysis of the effect published yesterday.

The study, by Mr Anthony Travers, of the North East London Polytechnic, shows that some authorities will benefit by overspending while others will be penalized for underspending. The study also shows that some authorities will benefit by overspending while others will be penalized for underspending. The study also shows that some authorities will benefit by overspending while others will be penalized for underspending.

Other councils, such as Cumbria and Lewisham, would receive extra grant support for any additional to their spending over the target.

The result of the differing effects of the new system means that even comparatively thrifty London boroughs like Kensington and Chelsea would suffer considerable grant losses while other councils, which the Government would view as overspenders, would find themselves with bigger grants and a greater incentive to spend.

Bringing massive switches in resources from one part of the country to another, mainly away from London and the big cities, the system would cause immense disparities in rate increases. Rate-bill changes would be more related to the working of the block grant than to decisions of councils.

In the London Borough of Wandsworth, which is Conservative controlled, proposed staff cuts led to a walk-out yesterday by members of the National and Local Government Officers' Association.

From Our Correspondent
Southampton

Drunken Irish soldiers clashed with the police after being told to quieten down when singing patriotic songs at the top of their voices. It was alleged at a court martial at Tidworth, Wiltshire, yesterday.

Rioting broke out when a military policeman struggled to arrest one of the men. It was alleged that the soldier was pushed off-duty Royal Irish Rangers to go on the rampage. They joined other soldiers and started a battle in the middle of Tidworth last June, the court was told.

Boy denies rail killing with brick

A boy aged 12 killed a woman by pushing a brick off a bridge on to a railway station platform, it was alleged at Greenock Sheriff Court, Renfrewshire, yesterday.

Mr David Cassidy, aged 26, said he had shouted to two boys on the bridge. The accused boy pushed the brick, he said. "He did not throw it. He had it balanced and he just pushed it over." It appeared to be a deliberate act.

The boy is accused of the culpable homicide of Mrs Thomasine McAlinden, aged 57, of Roxburgh Way, Greenock, by throwing a brick "with criminal disregard for the safety of passengers" from a bridge above Greenock West railway station on June 27 last.

Mrs McAlinden, who had just got off the train, died three days later in hospital.

The boy pleaded not guilty and lodged a special defence of "impeachment, naming another schoolboy as the person responsible. The other boy, aged 10, said he went swimming that night and was never on the bridge.

Mr Cassidy, of Cardross Road, Greenock, said that one of two boys on the bridge threw a piece of metal, which hit the roof of a train which had just pulled in. He shouted to the boys and almost immediately the brick came down.

He said he did not see the brick hit the woman because the train pulled out, obscuring his view, but when it had gone he saw her lying on the ground bleeding.

Another witness, a boy aged 16 from Greenock, said he had just got off the train and was walking behind Mrs McAlinden.



David Hockney and one of his works in the Royal Academy modern art exhibition, which opens on Thursday.

In brief

Maze protesters given clean cells

The process of scaling down the dirty protest by more than 400 republican prisoners started yesterday when about fifty protesters in the Maze prison, near Belfast, were moved to clean cells, some of which were furnished. More will be moved to clean cells during the week.

Those transferred yesterday continued to wear only blankets, and the next critical stage will come when they are issued with official prison clothing.

Strike over dismissed teacher rejected

Teachers in Nottinghamshire yesterday rejected a proposal for an indefinite strike in support of Mrs. Eileen Crossbie, aged 37, a nursery teacher dismissed last April for refusing to make a class of 40 with only one assistant. The National Union of Teachers decided to put the case for her reinstatement to councillors and MPs.

Two bodies found

The police were called to Mill of Drummond farmhouse, near Muthill, Perthshire, yesterday after the bodies of a man and a woman were found. A man was later being interviewed.

Charity fears

Mr Nicholas Hinton, director of the National Council for Voluntary Organizations, yesterday attacked the Government's decision to allow health authorities extra powers to raise funds as "potentially the most damaging blow to voluntary organizations for years".

Low-cost homes rebuke

Only a few of Britain's 400 housing authorities had used any of the methods suggested by the Government to encourage low-cost home ownership, Mr John Stanley, Minister for Housing and Construction, said yesterday.

Hospital sale mooted

Surrey Area Health Authority is considering selling Brookwood Hospital, which stands in 170 acres and has 770 psychiatric patients. The money raised would provide locally based services for the mentally ill.

Education plan backed

The Council of Local Education Authorities strongly supports the creation of a national body to coordinate and plan higher education in the public sector. Its draft report is due to be approved on Thursday.

Boat boys rescued

Mr Peter Beaton, aged 18, of Loch Carnan, and Eric MacLeod, aged 16, of Rhughish, Inish, of South Uist, were missing on Sunday in a 22ft open boat, were rescued yesterday by a fishing boat after a land, sea and air search.

Dog raises alarm

Mr William Gunn, an electrician, his wife Sylvia and their son aged 17 escaped from a fire at their home in Tiverton, Devon, yesterday after they were woken up by the barking of their dog.

Rush for cheap homes

Prospective buyers telephoned Telford Development Corporation, Shropshire, at more than one a minute yesterday when 50 three- and four-bedroom houses went on sale at between £5,500 and £7,000.

Mr Scargill blames MPs for splits

From a Staff Reporter

In an outspoken attack on right-wing members of the Parliamentary Labour Party in general and Mr Roy Mason, MP for Barnsley, in particular, Mr Arthur Scargill, the Yorkshire miners' president, has accused MPs of being responsible for splits in the Labour Party.

He says in an article that rank and file members of the party are "sick and tired of the elitism displayed by MPs who for some inexplicable reason feel themselves superior to ordinary party members".

Mr Scargill calls MPs "prima donnas" and suggests some are "almost paranoid" about facing a reselection conference. He accuses Mr Mason of "the height of hypocrisy".

Mr Scargill's attack is contained in an article in the Sheffield Star, which last week printed in full a speech by Mr Mason which gave a warning that the Labour Party was

crumbling at the edges and that breakaway groupings were being formed, and which appealed for party unity. The speech was delivered to the Barnsley Labour Party general management committee.

There has been tension between Mr Mason and Mr Scargill for many months after a strong swing to the left in the Barnsley Labour Party generally attributed to Mr Scargill's tactical inspiration, but both men had previously refrained from personal attacks. Mr Scargill is a member of Barnsley Labour Party general management committee.

He said the right wing of the Parliamentary Labour Party had tried to stop every democratic reform introduced, including the mandatory submission for reselection of MPs and the establishment of an electoral college.

They had submitted a proposal to win a minimum of 50 per cent of the vote in the college and seemed impervious to the fact that about 90 per

cent of ordinary constituency parties and members were demanding an equal say in the election of the leader.

"The MPs are, in effect, treating ordinary workers of the party with utter contempt," Mr Scargill said. He added that Mr Mason had said that if constituency parties did not get their fair share of voting rights they would condemn the process as a charade and if the PLP did not receive at least 50 per cent of the votes then a further crumbling of party unity could not be discounted.

Mr Scargill said: "It is clear from that statement that any crumbling of unity within the party will be the responsibility of MPs and not the ordinary workers".

Mr Scargill said Mr Mason's suggestion that some MPs who were not reselected would band together and eventually stand against official Labour candidates implied a form of blackmail. People who supported that view should leave the party.

Book with works by Picasso is ruled obscene

A book, in which are illustrations of paintings by Pablo Picasso was declared obscene by Exeter magistrates yesterday. The book in which the drawings appear, *Pornography or Art?* is to be burnt.

It was among nearly 500 books, magazines, cassettes and slides seized in a police raid on a shop last September. The book ordered 487 items to be destroyed.

Mr Paul Derbyshire, solicitor for Peter Spokes, aged 39, of Richards Close, Exmouth, the owner of the Lady Love shop, in Fore Street, Exeter, said Mr Spokes used guidelines suggested by the British Adult Publications Association in deciding what literature to sell.

Mr Reginald Parkhouse, the chairman, referred specifically to the book, *Pornography or Art?* which as well as Picasso featured works by Aubrey Beardsley and Ernst Hansen.

Barristers clash over retention of annexe

By Lucy Hodges

Mr Rudy Narayan, a black barrister, announced yesterday that he would be taking legal action against the leader of the Midlands and Oxford Bar for alleged racial discrimination.

He says Mr Douglas Draycott, QC, has discriminated against him and his fellow barristers in chambers and that Mr Draycott wants to close a black barristers' annexe in Birmingham.

Mr Draycott denies the allegations of racism. "There is no question of racial prejudice and I would be the last person to tolerate any," he told *The Times*.

Mr Narayan was last year accused of conduct unbecoming a barrister. A disciplinary tribunal of the Bar dismissed the charges.

The new dispute concerns the so-called Birmingham annexe of the chambers, which Mr Narayan used to run until his disciplinary hearing. His chambers were dissolved but the annexe continued to operate.

Mr Narayan and another barrister have applied to join the Midlands and Oxford circuit. They have been told they will be admitted only on condition that they do not practice from the annexe in Birmingham.

Mr Narayan says that condition is discriminatory and has never been asked of any other barrister. It showed the Midlands circuit wanted the annexe closed, he said.

Today he will lodge an application to an industrial tribunal claiming that Mr Draycott and the circuit are in breach of Section 11 of the Race Relations Act, 1976.

Mr Draycott said the offices known as Murdoch Chambers, in Birmingham, did not constitute an annexe.

The rules of the Bar Senate were that in order to have one's name up as practising in the provinces one had to be a member of the local circuit. He and his colleagues in Birmingham were most concerned to promote multiracial chambers.

You'd expect us to have better connections in West Africa.

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HOME NEWS

Charity loses appeal against VAT ruling

By a Staff Reporter

The English-Speaking Union has lost its appeal against a Customs and Excise ruling that it must pay value-added tax on its 10,000 membership subscription and may take the case to the High Court.

In a judgment announced yesterday, Lord Grantham, president of the VAT Tribunal, said that "with some hesitation" he held the union to be deemed to be carrying on a business and that the goods and services it supplied for its members for subscriptions should be taxed accordingly.

Mr. Frederick Bleasdale, honorary treasurer of the union, said: "We are obviously disappointed. We had hoped Lord Grantham would have accepted that the benefits we provide, if they are benefits at all, are really so small that for this purpose they can be disregarded."

The union, a charity to promote understanding between English-speaking peoples, was appealing against a Customs and Excise decision in 1978 which held that it was liable to VAT on its annual income of about £200,000.

Formerly VAT was not liable for VAT but when we registered as a charity customs and excise ruled that our subscriptions were liable to VAT under the Finance Act, 1972, as amended in 1977," Mr. Bleasdale said.

The case was seen as a test to determine when a charity would be defined as existing for a public benefit and when as a club with facilities for members.

Although the benefits it provides are simply a free issue of a pamphlet and a free of obtaining introductions to other members when travelling, the English-Speaking Union was held to be in the same category as a golf club, Mr. Bleasdale said.

Under the law exemptions can be granted if a body is one with objects in "the public domain" of a political, religious, philanthropic, scientific or patriotic nature. The tribunal accepted that the union came into that category.

Secondly, it is not treated as carrying on a business if members' subscriptions pay for facilities other than the right to participate in its management and receive reports on its activities. That point was lost by the union.

Mr. Nicholas Hinton, director of the National Council of Voluntary Organizations, said the case was another example of the difficulties charities faced over VAT.

Inquiry will examine why measures to protect heritage are failing

MPs seek reasons for drain on Britain's art

By Frances Gibb

A full-scale inquiry by a Commons select committee is due to start tomorrow into the failure of tax concessions to prevent the loss of a stream of art treasures abroad.

The Leonardo da Vinci manuscript, the Codex Leicester, auctioned in December for £22m, is the latest in a long line of such artistic treasures bound for foreign shores, despite the Government's stated policy that the national heritage should be protected and retained.

Quite apart from whether the Leonardo manuscript in particular should be kept in this country, its sale highlights the dilemma faced by Britain's state-owned art collections.

The fiscal system and inflation have made death for such families crippling expensive. But it is an expense that falls not only on the family. Meeting huge capital taxes leads, more and more often, to the loss of works from an historic collection and a constant chipping away at the national inheritance.

The MPs, under the chairmanship of Mr. Christopher Price, Labour MP for Lewisham West, will examine why, despite measures designed to protect the heritage, more owners are going to auction rather than offering the treasures to the nation in lieu of capital taxes or selling them by private treaty direct to museums.

That has occurred even though such works incur the full rigours of taxation when auctioned, while private treaty sales to museums and galleries are tax-exempt.

At the heart of the problem, so the heritage lobby argues, is a set of complex Treasury rules for the operation of these measures, which are said to be unnecessarily muddled and restrictive for owners and galleries alike, and which further, more recently disclosed, have no statutory basis.

It has been the Government's practice since 1953 to indicate to galleries that when offered a work of art they should offer vendors a 25 per cent capital transfer tax exemption to which they are by statute entitled; the so-called "douceur".

As one civil servant put it: "Perhaps the auction houses talk faster than we do," and it is true that the salerooms' publicity and promotion has attracted vendors who think they will obtain bigger prices than they would elsewhere.

But at the same time, the 25 per cent "douceur" has ceased to be attractive enough to stop vendors going to auction, despite the fact that to match the value of a private treaty sale, owners incurring the capital transfer tax would have to achieve an auction price of roughly four times the private sale figure.

The heritage lobby will press for any rule in order better to secure these treasures for free collection bargaining.

The civil servants, for their part, will say the "douceur" is only a guideline; that any way, valuations can be raised or lowered to reach a 25 per cent figure acceptable to the owner and that if changed to, say, 50 per cent, museums will be forced to pay too much.

The museums themselves will split on a political line on the issue and in the end it will be a political decision among the MPs whether to condone Whitehall control over where museums should draw the line, or leave it to the discretion and business acumen of the museum directors as to what is a fair market price for a particular work.

On the "in lieu" system, MPs will be urged to reconsider the 25 per cent figure, which is said to be a disincentive to encourage owners to offer their heirlooms and pay their taxes in kind rather than cash; a strong card will be played that only a small proportion of the money allocated by the Government for operating this system has been used.

Also MPs will be pressed to propose a "tax credit" system, which the heritage lobby argues, would have saved the Codex and which under present law is not allowed.

The value of the manuscript was held to outweigh Lord Coke's tax liabilities and he wished to set the balance against future tax debts in a kind of "credit", as proposed two years ago by the Commons select committee on the National Land Fund.

Finally a change will be urged of the rules obliging owners gaining capital tax transfer exemption to make "reasonable public access" to their works.

The success of all these points will depend on how much MPs accept Whitehall arguments that changes mean more money. It will come down to policy: whether the Government is willing actively to encourage owners to offer their heirlooms to the nation and accept there will be selection involved, or take the easier way out, making it less attractive for owners, but simpler for the Government to take the small total that is offered.

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US talks on chemical weapons end

By Henry Stanhope

Defence Correspondent

Staff level talks between Britain and the United States on chemical warfare have been completed, according to Whitehall sources yesterday. But they denied a BBC report that the Americans had proposed stockpiling nerve gas ammunition in Britain.

Nor were there any known plans to raise the subject at the meeting of NATO defence ministers in Brussels in May.

The talks opened last year on the initiative of Mr. Francis Pym, then Secretary of State for Defence, who once confessed that he was "hunted by the imbalance in chemical weapons between Nato and the Soviet Union. Recently he indicated his belief that Britain should at least consider building up a retaliatory capacity to deter any wartime gas attack.

The Americans, in sympathy with the British position, have been given to replenishing chemical stockpiles in the United States and West Germany. They have not been added to since 1963.

The talks have to decide whether to go ahead with a plan in Arkansas to produce the latest kind of binary ammunition, in which two harmless chemicals are mixed to form a lethal gas once the shell or warhead has been fired. This makes the weapons safer to store.

Whitehall sources last night said the objective of the talks had been to re-examine the question of chemical weapons, without making any immediate decisions.

Britain destroyed its stocks of chemical weapons after the Second World War. France is the only Western country, apart from the United States, to retain a chemical warfare capability.

Western intelligence experts believe the Soviet Union is the only big power to have kept its chemical weapons up to date, ready for use in a wartime role.

Mr. Raymond Parker also pleaded guilty to assaulting Mrs. Lorraine Hickling, and Mr. Reginald Parker pleaded guilty to assaulting Mr. Donald McCall.

Miss Janet Perrygo, for the prosecution, said that PC Hickling, his wife and a friend were only slightly injured. The police officer was driving his car towards road cones were thrown towards it. He stopped and told the men to take the cones from the road and go home.

Mr. Reginald Parker became aggressive and threatened the police. Mrs. Hickling was pushed and the police officer was injured. The police officer was driving his car towards road cones were thrown towards it. He stopped and told the men to take the cones from the road and go home.

Mr. Reginald Parker pleaded guilty to assaulting Mrs. Lorraine Hickling, and Mr. Reginald Parker pleaded guilty to assaulting Mr. Donald McCall.

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How indictments of conspiracy to defraud should be drawn

Regina v Landy

Regina v White

Regina v Kaye

Before Lord Justice Ewton, Mr. Justice Michael Davies and Mr. Justice Bingham.

Because a judge's summing up after a 90-day trial was seriously defective, the Court of Appeal quashed the convictions of three men on charges of conspiracy to defraud. One had been sentenced to five years' imprisonment and the other two to three years.

The court criticized the lack of particulars in the present form of indictment when charges of conspiracy to defraud are brought. It said the need to allow adequate time for a judge to assimilate details for a pre-trial review in a conspiracy case was not met.

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it lacked particularity. There was nothing to show how the false representations were made or how the funds were employed to the prejudice of IBBL and its customers or what was the nature of the conspiracy.

Junior counsel for Landy asked for particulars at the beginning of the criminal proceedings. He was told that he would get all the information he needed from leading counsel's opening speech. Attempts to obtain particulars at the trial were refused by the judge. The judge said that was the answer almost always given by prosecuting counsel.

Particulars should have been given (1) to enable the defence to know the nature of the conspiracy and the nature of the offence; and (2) to enable the judge to know the nature of the conspiracy and the nature of the offence.

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WEST EUROPE

Mr Thorn threatens 'certain EEC members' with legal action over budget contributions

From Michael Hornsby, Brussels, Jan 12

Mr Gaston Thorn, the new President of the European Commission, today raged himself and his 13 fellow Commissioners unequivocally on the side of the European Parliament in its dispute with EEC member-states over the legality of the Community budget adopted at the end of last year.

In Strasbourg, making his first speech to the Parliament as President, Mr Thorn said that he could speak for each and every member of the Commission in declaring that "we consider both the supplementary budget for 1980 and the budget for 1981 to be legal and hence enforceable".

Three member-states, France, West Germany and Belgium, failed to make their full contributions to the financing of the 1980 supplementary budget when these fell due on January 2. Contributions to the 1981 budget are not due in full until February but France has already indicated that it will not pay.

If certain member-states were found to "have committed irregularities" the Parliament could rest assured that the Commission would "want the situation rectified". Mr Thorn said: "If these states did not comply of their own free will, the Commission would have no option but to take legal action."

The dispute arose last month when the Parliament took advantage of a supplementary budget requested by member-states to pay for aid to the Italian earthquake victims in order to increase spending on regional and social policies this year beyond what had been approved by the Council of Ministers.

The Council then found itself unable to stop this extra expenditure because Britain, Italy and Ireland who all favour more agricultural spending, had enough votes to prevent its rejection. In default of a decision by the Council, Madame Simone Veil, the President of the Parliament, promptly declared the two budgets adopted.

This was seen as sharp practice by the French and Germans and, more surprisingly, by the



Mr Thorn taking the oath yesterday at the European Court of Justice.

Belgians, who generally take the side of the Parliament. Their main case is that supplementary budgets are intended for extraordinary and unforeseen expenditure and not as a backdoor for increasing spending on existing policies.

Mr Thorn did not announce any immediate proceedings against the three non payers, suggesting that he is playing for time in the hope that they will come to a political accommodation with the Parliament.

France appears to be the least ready to compromise. It is thought that President Giscard d'Estaing sees a policy of firmness with the Parliament as a body widely viewed in France as a threat to national sovereignty, as no bad thing in the run-up to the presidential elections.

Earlier, Mr Thorn and his fellow-commissioners, promised before the European Court of Justice in Luxembourg to carry out their functions "in com-

plete independence" from national governments.

For Mr Christopher Tugendhat, the senior British Commissioner in charge of the budget who has been widely criticised for summing Mr Thatcher to his aid last week in the fight over the distribution of posts within the Commission, the occasion must have had an special resonance.

Mr Tugendhat was asked to swear that he would "neither seek nor take instructions from any government or from any other body" and to take note of the undertaking given by each member-state "to respect this principle and not to seek to influence the members of the Commission in the performance of their tasks".

In an address to the court after the oath-taking ceremony, Mr Thorn said: "Clearly, to discharge our duties it is necessary that we should at all times act independently. The solemn

undertaking we have given you today is thus no mere formality: it is basic to our office."

Independence did not mean isolation, Mr Thorn said. "We must act in due accord with member-states and other institutions." But the Commission intended to "exercise to the full its prerogatives as the initiator of Community action."

"We are a policy-making institution and we mean to behave as one. Let there be no misunderstanding. We will not be content to limit ourselves to the routine management of affairs."

At a time when the EEC was beset by many "testing economic and social problems" one of the main tasks for the Commission was to preserve what had already been achieved. "We must not allow the Community patrimony to be constantly attacked and threatened with erosion," Mr Thorn said.

65 prisoners charged over D'Urso kidnap

From John Earle, Rome, Jan 12

Three magistrates from Rome served arrest warrants early today on 65 prisoners in the Trani maximum security jail in Puglia, charging them with conspiracy and with complicity in the kidnapping of Judge Giovanni D'Urso.

The prisoners are alleged to have been involved in the revolt of December 28, when the ringleaders in a statement identified their cause with that of the Red Brigades, captors of the judge, and stipulated prison reform as a condition for his release.

The new charges, it was stated in judicial circles, were intended to put pressure on the kidnappers, who they went through with their announced intention of killing the judge—their communiqué on Saturday evening spoke of a 48-hour deadline—the Trani prisoners could expect the charges to be amended into complicity in murder.

The Red Brigades today extended the deadline threatening Judge D'Urso with death until tomorrow at 2 pm. Italian television reported. The earlier deadline expired at 6 pm today.

Signor D'Urso's daughter, Lorenza, aged 17, tonight made a television appeal to the Red Brigades and the nation's newspapers to save her father's life.

"Don't kill him barbarically and stupidly," she asked the Red Brigades. "The full and tremendous responsibility for this murder would be yours and also of a very few people, the editors of several newspapers, who for incomprehensible or dreadful reasons have fixed a blackout for the first time in their careers, against my father's life."—Agence France Presse and AP.

In a separate development the Naples public prosecutor issued 29 arrest warrants in connection with a series of terrorist attacks in Naples by the Prime Lines (front line) group between 1977 and last year. Most of those for whom they were issued are already in jail.

Bergamo search: Police in Bergamo today detained Signorina Irene Senzani, the sister of the Red Brigades leader Dr Giovanni Senzani, for whose arrest a warrant was issued yesterday. (Reuters reports). They searched her house. The Rome public prosecutor maintains that Dr Senzani, a university research worker and expert in criminology, was the go-between who arranged a long interview with the kidnappers that was given to the weekly L'Espresso at the end of December. Since then he has disappeared.

Danish criminals kept in near normal environment

Mixed prison experiment defies critics and proves successful

From Christopher Follen, Copenhagen, Jan 12

A remarkable experiment in prison reform unostentatiously celebrates its fifth year of operation tomorrow on the Danish island of Funen. The mixed sex prison at Ringne, near Odense, has proved a great success, defying the many critics who had doomed the project to failure in 1976.

According to Mr Erik Andersen, the governor of Ringne State Prison from its inception, the experiment has proved that it more normal conditions are created in prisons, the inmates behave more normally. "There is no indication that relations between the sexes differ much behind bars from outside in society," Mr Andersen said.

Four of the six blocks at Ringne are mixed. The prison has 70 male prisoners and 20 female inmates—none older than 26. The two sexes are allowed to mix freely with each other both during working hours and in free time. Intimate relations are allowed.

The disparity in numbers between the two sexes reflects the low number of female prisoners in Denmark. There are 135 as opposed to 3,200 males.

The philosophy at Ringne is, in Mr Andersen's words, "personal responsibility and normality". Every effort is made to normalize conditions, giving the prisoners a sense of responsibility, identity and participation.

Every second week prison officials meet each of the prison's six groups to discuss problems which range from requests for probation, improved educational and other facilities, to negotiations on pay and budgetary allocations for each "semi-autonomous" block.

The prison has a library, extensive sports facilities, communal and hobby rooms, and a store where prisoners buy food and drink (an experiment with selling beer had to be suspended) with their 24 kroner (£1.70) daily food allowance.

On top of this allowance, prisoners earn 175 kroner (£12) per week, working an eight-hour day in various workshops, where office furniture and electronic components are manufactured. The prisoners cook their own food, and—as far as is feasible—are encouraged to run their own lives, living in cells which resemble modern hotel rooms.

From 4pm when the working day ends, until 10.30pm, when the prisoners are locked into their cells alone, they are free to do as they like.

"The atmosphere in the mixed blocks is completely different from that prevailing in conventional prisons. Everything is much more free and relaxed," Mr Andersen said.

"In no way do we interfere if relationships develop between prisoners of the opposite sex, this way we feel we create a less neurotic prisoners, better equipped for re-entrance to society later."

Each cell door is fitted with two locks, one on the inside and one outside, enabling inmates to avoid unwelcome intrusions. There are a few rules. Visits end at lights-out time, and intimacy must be strictly confined to the privacy of the cell.

Due to the special nature of Ringne prison, Mr Andersen's staff of 70 prison officers (of whom 13 are women) includes 49 specially-trained civilians, known as standard officers, whom he prefers to employ rather than staff seconded from other prisons. Ringne has an officer to prisoner ratio of 0.8, which is high by British standards.

Rather than creating havoc as many critics, including the Union of Danish Prison Officers, foresaw, Mr Andersen claims that his experiment has proved an enormous success and that problems have been minimal.

A survey reveals that while only 29 per cent of the prison staff were positive about the mixed sex experiment when it started, 96 per cent of them now support it, as do 88 per cent of the prisoners.

Female inmates have coped well with the situation, Mr Andersen said. Very few had complained of being subjected to sexual pressures, since the experiment began. Only two pregnancies have occurred (one of which was resolved by the couple marrying), and only one instance of prostitution was reported.

Ringne is basically a youth prison. All the females are serving drug offences, while the males have been jailed for a variety of crimes, three of them for murder.

New Tory European group accused of harming party

By George Clark, Political Correspondent

Mr Hugh Dykes, MP for Harrow, East, chairman of the Conservative Group for Europe, today accused a group of 100 Conservatives of being "harmful" to the party by the damage being done to the party by the leaders of the newly formed Conservative European Reform Group. He was speaking on behalf of the CGE.

He deplored the reform groups activities at a time when we need unity and full support for the Prime Minister who has become the dominant personality in European Community politics.

Mr Dykes said he was in favour of an open debate within the party about Britain's role in the EEC but he hoped that the new pressure group would not attempt to mount a campaign against "European-minded" Conservative MPs.

"We hope they will not descend into that kind of arena," he said at a London press conference. "We have noted with interest that they have now backtracked in their clamour for the abolition of the

Common Agricultural Policy after their meeting with the Prime Minister in December. They have had second thoughts, they want improvements to be made within the Treaty of Rome. We welcome that."

Mr Dykes and Mr David Hunt, MP for Wirral, the vice-chairman of the CGE will be seeing Mrs Thatcher on Thursday to ensure her of the group's support for her efforts "to get a commonsense, modernized EEC budget."

The CGE will put forward its own proposals for reforming the CAP.

These are: A price freeze in rapid disposal of existing surplus; including possible sales to Poland; quotas for individual producers in order to deter the creation of surpluses; adjustments to counter to get most of the marginal farms out of production; a review of the export subsidies system; and a three-year target to reduce the CAP's share of the EEC budget from the present level of 70-75 per cent to 45 per cent.

The group is also proposing that Britain should join the European Monetary System.

Sweden's budget allows for £6,000m deficit

Stockholm, Jan 12—Sweden's

centre-right coalition Government today presented a draft budget which allows for a record deficit and a 6 per cent increase in public spending, but said consumption must be cut or the country would run into a crisis.

The Government told Parliament that the deficit for the financial year starting in July would amount to 67,600m kronor (£6,431m). This is almost 22 per cent more than the estimated shortfall for this budget year of 55,500m kronor.

The budget deficit for the 1981 year represents more than 11 per cent of Gross National Product (GNP). To stop the widening gap between expenditure and revenue, the Government will have to increase its borrowing at home and abroad to at least 64,000m kronor.

An economic statement accompanying the budget said the net cost of Sweden's crude oil imports totalled 28,000m kronor in 1980. This has contributed to a growing balance of payments deficit.

Mr Olof Palme leader of the Social Democratic Party, said the budget showed that the economic policies of the Government had failed and that it was unable to steer the country out of economic crisis.—Reuters.

Libya shuts two Maltese graduate schools

Valletta, Jan 12—Libya has

closed two university-level educational institutions it run for Libyan students here. About 600 Libyan students stopped attending the schools last summer. The closure order arrived last week.

One of the schools was a technical institute for electronics, engineering and medical students and the other was a two-year training institution.

day he asked the court to order the closure of the schools. He did not say whether the schools had been closed because of the ground that the allegation was that

West German clash over Saudi arms deal rumour

From Patricia Clough, Bonn, Jan 12

A sharp controversy has arisen here as to whether West Germany should sell tanks and weapons to Saudi Arabia.

The Government is believed to be weighing an informal request from the Saudis and considering at the same time dropping its ban on the sale of weapons to areas of tension.

Instead, according to press reports, applications for arms exports should be considered solely in the light of West Germany's national interests.

Herr Kurt Becker said for the Government today that there was at present no application from the Saudis for arms deliveries. He declined to supply.

It has become clear that such a sale would meet with stiff opposition from the Social Democratic Party of Herr Helmut Schmidt, the Chancellor, not only from the frequently rebellious left wing which is opposed to arms exports but also from more moderate members.

Mrau Annemarie Renger, a leader of the party's right wing,

said today that she "could not conceive" of the parliamentary party approving such a deal, that the Chancellor would also realize that such a sale could not go through.

She feared that German tanks could one day be used by the Saudis in a war against Israel and that in any case a sale would endanger the hard-won reconciliation between West Germany and Israel. Referring to the extermination and persecution of Jews in Nazi Germany, she said West Germany could not free itself of its moral obligations to Israel.

Another leading Social Democrat, Herr Hans-Jürgen Wittenberg, a close collaborator of the Chancellor's with excellent contacts in the Arab world, has said the question should be examined "very seriously" in the interests of good relations with Saudi Arabia.

Opposition spokesmen came out in favour of a sale.

Herr Hans Dietrich Genscher, the Foreign Minister, is understood to feel that Saudi Arabia should not be regarded as an area of tension.

Bomb charge trial opens in Switzerland

Geneva, Jan 12—An American

woman of Armenian origin, charged with the murder of an Armenian Liberation Army terrorist organization, went on trial here today accused of extortion and illegal possession of explosives.

Suzi Mahseredjian, aged 27, appeared without Alen Yezli, her 25-year-old Lebanese companion, who lost an eye when a bomb exploded prematurely.

The Beirut-based Armenian secret army, which has already made several attacks against Swiss and Turkish offices in London, Rome, Paris and Geneva, threatened to attack Swiss diplomats abroad unless the two—arrested on October 3—were released.

Apart from possession of explosives, Miss Mahseredjian is accused of extorting 10,000 francs (£2,300) from an Armenian living in Geneva.

Pope condemns arms race in call for global detente

Rome, Jan 12—The Pope

today described the international arms race as a "sinister force for all humanity" and called for effective and global detente to bring about a general climate of greater confidence.

Speaking during his New Year address to diplomats accredited to the Holy See, he said the "spirit of peace must be reinforced and replaced by 'negative forces' such as racism, hate and even cruelty which have taken the upper hand."

In a half-hour speech, the Pope appealed to all nations to respect the rights of all people, even small and disarmed nations, the rights founded on their cultural identity.

Peace and the rights of small nations are likely to be discussed when the Pope receives a Polish labour delegation headed by Mr Lech Walesa, leader of the Solidarity union

organization on Thursday.

In his speech today, the Pope hailed his native Poland as a strong and united country.

"I am the son of a nation which has lived through the greatest experiences of history, a nation which its neighbours have condemned to death on several occasions, but which has survived and has remained itself."—AP and Reuters.

Vatican meeting: The Pope and Dr Billy Graham, the American evangelist, had a long, cordial meeting in the Pope's private study today, Vatican sources reported.

The private audience had been requested by Dr Graham through the Vatican Secretary for Christian Unity. Poland and other world issues and the ecumenical effort were among the subjects covered in the meeting, which lasted nearly two hours.—AP and Reuters.

A-plant resignations demanded

From Ian Murray, Paris, Jan 12

Nuclear workers who are members of the moderate Force Ouvrière union have called for the resignation of the management of France's giant nuclear waste reprocessing centre at La Hague, near Cherbourg, after a fire there last week in a storage silo.

The fire, which was the sixth incident at the factory in the past year provoking a radio-active leak, has seriously alarmed the local community and the work force. There have been allegations that the management has lied about the incident.

A demonstration "to demand the lifting of secrecy on information" at the factory was called by different unions and ecological groups. Next Thursday has been designated as a day of action in many towns round

France to protest at the setting up of nuclear power stations.

The La Hague reprocessing centre is an important source of work in the area and until now the unions have given little backing to the anti-nuclear lobby beyond insisting on close consultation on health and safety matters.

The fire, however, has caused a shift in the unions' attitude. They claim that three workers were subjected to radiation because of the leaks following the fire and up to 400 might have been exposed to contamination.

The unions claim that the management has lied about contamination levels; that the actual type of contamination was more dangerous than that admitted; and that a monitoring device which sounded an alarm was switched off because it was thought to be malfunctioning.

The motion calling for the dismissal of the management says that it "gave a demonstration of its inability and its irresponsibility faced by a situation of which nobody can actually measure the size or the eventual consequences."

The Socialist Journalist Union later put out a statement demanding "the lifting of secrecy" and free access to information.

In another incident, the family of a 40-year-old researcher with the French Atomic Energy Commission (CEA) has claimed she died from leukaemia last Thursday after analysing samples of smoke gathered after the explosion of nuclear devices.

The family say that the death certificate of Mme Renée Breugnot states that she died from "a professional disease".

The CEA has confirmed that Mme Breugnot died of leukaemia and that she worked at jobs in which there was a risk of exposure to radioactive activity.

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OVERSEAS

Solidarity threatens to strike as crisis grows in south Poland

From Dossa Trevisan
Warsaw, Jan 12

Trade unionists in Nowy Sącz in southern Poland have threatened to strike on Friday after being evicted yesterday by the authorities from the municipal building they have been occupying since the beginning of the year. They are members of the independent trade union movement, Solidarity.

They are demanding talks with a government delegation to settle their demands for recognition as well as a purge of people in the local administration whom they accuse of corruption.

Rzeszów, capital of the Bieszczady region, the demonstrators who have been holding a sit-in have now set up a national strike committee addressing a list of 11 demands to the authorities. They want immediate registration of the Rural Solidarity union which yesterday Mr Stanisław Kania, the Polish First Party Secretary, indicated the Government had no intention of doing.

He said it was out of the question for the authorities to tolerate political opposition in the countryside. The farmers of south-east Poland, the region closest to the Soviet border, also demand the disbanding of state agricultural cooperatives, reorganization of the administration and management in agriculture and an end to a policy which favours the state farms at the expense of private farmers who make up 85 per cent of Poland's agriculture.

The first warning came at the weekend when Mr Stefan Olszowski, who is regarded as number two in the Politburo, described the occupation of government premises in several towns in southern Poland as lawlessness and anarchy designed to weaken the authorities by planning social unrest.

He made it clear that in order to pursue the promised reforms the Government needed peace and order and he tried to impress the unionists that it was in their interests to create the climate for the reforms to be implemented.

Police who evicted the demonstrators in Nowy Sącz, according to the official news agency, used the "maximum of tact and patience". This was confirmed by Solidarity and the matter ended without violence.

Nevertheless, it is the first time that the authorities cut short the argument and enforced their will. Already there are signs of a new increase of unrest with the controversy over a 40-hour week, the conflict over the registration of Rural Solidarity and the tendency in some provincial towns by farmers to occupy government buildings.

In Ustronie Morskie, another town in the region, the farmers have been occupying the local government building since the end of last year demanding negotiations with the Government and the registration of the rural union.

They are also demanding revision of government fiscal policy and an end to discrimination against private holdings. The Government has already promised increased investment in private farms and other facilities to the 4,500,000 farmers in an endeavour to put agriculture into some order after almost 10 years of neglect.

On January 29 at the Pilgrims' dinner in London she will make an address on relations with the United States in the traditional context; on February 27 at Georgetown University, in Washington, she will deal with international economic relationships. And at the Donovan award dinner she will speak on East-West relations.

The dates, April 15-19, for Mrs Thatcher's visit to India were also announced yesterday. Mrs Thatcher last met Mrs Indira Gandhi, the Indian Prime Minister, in May last year when they attended the funeral of President Tito of Yugoslavia.

Mrs Thatcher is to receive a private American award for services to democracy and the cause of freedom, it was announced yesterday.

The medal, known as the Donovan award, commemorates the Second World War founder and leader of the Office of Strategic Services (forerunner of the Central Intelligence Agency) Major-General William J. Donovan. It is to be presented at a dinner in New York on February 28, after the Prime Minister's meeting with President Reagan in Washington.

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Worried officials flout traditional values in drive to convert parents to gospel of one-child families
China's rulers determined to slay monster of population growth

"The Chinese by David Bonavia, China Correspondent of The Times, is published this week. This, the second of three edited extracts from the book, is taken from the chapter on population. It examines how the Government has come to accept that there must be limits to China's population growth. This reversal in policy incentives for those who agree to have only one child and stringent measures against those who have more."

The solution of many of China's most pressing problems has created a new monster population growth. Improved medical services, an end to protracted civil war and reasonably stable food supplies have led the country into a demographic crisis, which it must solve in the near future if past achievements are not to be wiped out.

China does not have systematic census figures of recent date. Informed estimates of her population vary between 970 million and 1,100 million.

At a conservative estimate, the population of China today is increasing by roughly 12 million a year—about as many as the entire population of Australia or Holland. Far from making China stronger in relation to other powers, excess population will keep her perpetually in a backward state if drastic measures of control are not adopted.

Seen from any angle, the problem is frightening. At present, on average, Chinese women bear three children each in the course of their lives. The Party and Government are insistent that this must be brought down to one child. Every imaginable social and economic sanction is being imposed to deter parents from having more than one, or at the very best two.

The plan is to reduce population growth to 0.5 per cent by 1985 and zero in the year 2000. China's population by then should stand at about 1,300 million and some demographers are talking about a negative growth from then on, bringing the population down below the 1,000 million mark again—a project no other country has ever attempted.

Working against the birth-rate planners is an expected baby boom between 1980 and 1985, a result of the similar boom in the late 1950s and 1960s.

Since it is axiomatic that poor people and peasants usually have more children than relatively well-off city dwellers, China is fighting an uphill battle in birth control, for 80 per cent of its people live on the land and are very poor by the standards of the developed world.

But without reducing their birthrate immediately, more and more resources will have to be ploughed back into simply feeding them and most of China's potentially arable land is already under cultivation.

There are, however, some encouraging signs. The national birth rate fell from 23.4 per 1,000 in 1971 to 12 in 1978, a period during which more than 170 million birth-control operations were carried out.

Some Chinese sociologists are worried about the aging of the population which will occur if birth rate is curbed. The planners have no answer to this except to say that the improvements in efficiency and standard of living will make it possible to support an older population.

Strange though it seems, it is only in the past few years that the Chinese leadership has acknowledged the drag which a

growing population exercises on economic development. In the 1950s, a renowned Chinese economist, Professor Ma Yinchu, vigorously propounded the need for birth control; he was fired from his post as president of Peking University as a result and fell into obscurity. (He was rehabilitated in 1979 at the age of 98.)

The Party at the time proclaimed that "people are the most valuable resource". Insisting that improvements in the economy and higher production could support any level of population growth. From the 1960s, considerable attention was given to birth control, but only "in the interests of planned economy" and "to protect the health of women and infants". Birth control was discouraged for several years by the Cultural Revolution and then resumed.

In the late 1970s, after Mao's death, the obvious was at last admitted: Growth of population was bringing to naught all attempts to achieve a faster rate of development and modernize the country.

Professor Wen Yiguan, an economist at Zhongshan University in Canton, sums up the problem succinctly: "Quite a large number of

people in the rural areas still do not have enough to eat, the people's living standards cannot be improved as they should have been, there are tensions in market supply, and the number of people awaiting employment has increased."

Hunger, poverty and unemployment—these are the prices China is paying for the greater security which the new society has established and the consequent surge in population.

Faced with this desperate crisis, the leadership has adopted a policy aimed at making it so unpleasant for parents to have more than two children that most of them will desist, and some as many as possible will be content with only one. The one-child family is being set up as the national ideal, in sharp contrast to the traditional importance which the Chinese have ascribed to having large families, with as many sons as possible.

In the late 1970s, the Party took a big step. Instead of relying mainly on education to bring down the birth rate, it chose to go all-out for a package of arm-twisting measures which will make it almost a crime to have more than two children.

The plan is to bind as many married couples as possible to a vow that their first child will be their last. If they give an undertaking to this effect—or better still, let themselves be sterilised—they will straightaway be given material rewards, and the child will enjoy every benefit the socialist state can supply.

Parents who agree not to have more than one child are showered with encouragements and rewards. Their incomes are raised by about 5 per cent, and they are put high on the priority list for new housing—the extent of giving them accommodation previously reserved for two-child families. This makes the sanction against having a second child doubly severe. There are two-child families given no special priority for housing but they may have to watch as a one-child family moves up the list over their heads and takes what would otherwise have been their apartment.

This can only breed envy—and a vengeful malice if the "abstaining" couple then breed their second child after all.

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Algeria since last Thursday and according to an official Algerian spokesman here, still has no plans to return to Washington.

Very little information has been released by either side since the arrival of Mr Christopher who was understood to be meeting Herr Hans Dietrich Genscher, the German Foreign Minister, later today.

Herr Genscher is on a visit here which a German spokesman said had been arranged "since before Christmas".

There was speculation, however, that West Germany, when the hostages are not to be taken after perhaps going through Algeria, might be involved in the reported international guarantees being sought by Iran.

Battlefront claims: Iranian forces routed two Iraqi battalions and captured 41 men in a recent fight on the western front, the official Pars news agency said today (Reuters reports from Tehran).

It said a large amount of Iraqi equipment was destroyed in fighting.

In Basra Iraq's claims to have blunted the Iranian counter-offensive were supported by a display of more than 30 captured tanks.

Journalists also saw 20 more captured M60 and Chieftain tanks.

An Iraqi commander said the British-built Chieftain, capture in fairly large numbers, was good. "It is a real weapon. It just has bad drivers".

Agence France-Presse, UP, Reuters and AP.

US hostages could be set free by Friday, Iran Speaker says

Tehran, Jan 12.—The 52 American hostages in Iran may be freed by Friday if the United States accepts "our just rights", Ayatollah Hashemi Rafsanjani, Speaker of the Iranian Parliament said today.

Ayatollah Rafsanjani also announced that the hostages may be freed before arbitration of "financial and judicial differences" between the United States and Iran. The return of the late Shah's fortune is not included in those differences, he said.

It was the latest in a series of statements by Iranian leaders today indicating, according to observers, that both sides in the hostage negotiations are close.

In Washington, the Carter administration is working on a legally binding plan that calls for the hostages to be freed at the same time that Iran receives the first of three instalments of its frozen assets, informed sources said.

The Americans would be flown either to Westaden in West Germany or handed to the Algerians for temporary custody in Algiers as part of an arrangement which the sources emphasize, does not yet have Iran's approval.

But President Carter took an optimistic view. "It looks better than I can predict success," he said. "That depends on them. We've made them a reasonable proposition."

Iran would recover, in three steps, more than \$12,000m (about £5,000m) assets that were frozen by President Carter in retaliation for seizure of the

hostages and the American embassy in Tehran on November 4, 1979.

The first instalment, the sources said, would be \$2,500m in securities and gold held in the Federal Reserve Bank in New York. The second payment involves about \$4,000m Iran had deposited in subsidiaries of American banks in London, Paris and elsewhere overseas.

The third group of Iranian assets—nearly \$5,000m in American banks—could take weeks to sort out because most are tied up in American claims against Iran.

Mr Behehd Nabavi, the Minister responsible for the hostages, emphasized the need to meet President Carter's negotiating deadline of January 16, four days before Mr Reagan becomes President.

"It is possible that negotiations will not continue or will continue in another form," after Mr Reagan's inauguration, Mr Nabavi said in Tehran.

Meanwhile, Mr Muhammad Ali Rajai, the Prime Minister, called on public and private groups with claims against the United States to notify officials about the matters within the next 30 days. Otherwise, he said, they would be moved as part of the preparations for drawing up the Iranian case for arbitration.

In Algiers, Mr Warren Christopher, the American chief negotiator in the hostages issue, today had talks with Mr Chadli Benjedid, the Algerian President.

Mr Christopher has been in

Algeria since last Thursday and according to an official Algerian spokesman here, still has no plans to return to Washington.

Very little information has been released by either side since the arrival of Mr Christopher who was understood to be meeting Herr Hans Dietrich Genscher, the German Foreign Minister, later today.

Herr Genscher is on a visit here which a German spokesman said had been arranged "since before Christmas".

There was speculation, however, that West Germany, when the hostages are not to be taken after perhaps going through Algeria, might be involved in the reported international guarantees being sought by Iran.

Battlefront claims: Iranian forces routed two Iraqi battalions and captured 41 men in a recent fight on the western front, the official Pars news agency said today (Reuters reports from Tehran).

It said a large amount of Iraqi equipment was destroyed in fighting.

In Basra Iraq's claims to have blunted the Iranian counter-offensive were supported by a display of more than 30 captured tanks.

Journalists also saw 20 more captured M60 and Chieftain tanks.

An Iraqi commander said the British-built Chieftain, capture in fairly large numbers, was good. "It is a real weapon. It just has bad drivers".

Agence France-Presse, UP, Reuters and AP.

Award for Prime Minister

By Our Political Editor

Mrs Thatcher is to receive a private American award for services to democracy and the cause of freedom, it was announced yesterday.

The medal, known as the Donovan award, commemorates the Second World War founder and leader of the Office of Strategic Services (forerunner of the Central Intelligence Agency) Major-General William J. Donovan. It is to be presented at a dinner in New York on February 28, after the Prime Minister's meeting with President Reagan in Washington.

Mrs Thatcher is also to make three foreign policy speeches in conjunction with her American visit.

On January 29 at the Pilgrims' dinner in London she will make an address on relations with the United States in the traditional context; on February 27 at Georgetown University, in Washington, she will deal with international economic relationships. And at the Donovan award dinner she will speak on East-West relations.

The dates, April 15-19, for Mrs Thatcher's visit to India were also announced yesterday. Mrs Thatcher last met Mrs Indira Gandhi, the Indian Prime Minister, in May last year when they attended the funeral of President Tito of Yugoslavia.

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MPs' views on Afghan visit clash

Mr Ronald Brown, one of the three Labour MPs who have just returned from their controversial visit to Afghanistan, admitted yesterday that he was "in general support" of the Soviet-backed Karmal Government in Kabul.

Mr Brown, MP for Edinburgh Leith, said he and his two colleagues had gained enough information during their short visit "to convince us that many of the reports appearing in Western newspapers are exaggerated or simply untrue".

His comments go against denials made by his colleagues, Mr Allan Roberts (Bootle) and Mr Robert Litherland (Manchester Central), that any of them had expressed support for the regime or accused the Western press of fabricating stories about Afghanistan.

There is now a serious difference of opinion among the three, who went on an expenses-paid, fact-finding visit to Afghanistan at the invitation of the Kabul Government.

Mr Roberts had earlier denied that any of them had expressed support for the regime while in Afghanistan. But Mr Brown said last night: "I generally support the Karmal Government. I said that in a speech in Jaleabad."

Mr Brown went on: "I support it in its aims to improve the conditions of working people in Afghanistan."

It is understood that only three Ministers opposed the early election campaign during this morning's specially convened Cabinet session. They included Mr Ariel Sharon, the hard-line Minister of Agriculture, who believes that the Likud Government should try and remain in power to continue its expansion of Jewish settlements in the occupied West Bank.

After today's three-hour Cabinet session, it now seems certain that the general election will be brought forward from its scheduled date in November. Mr Begin favours holding polling day in late June, by which time his Government will have completed four years in office.

The Labour Party, anxious to capitalize on opinion polls showing it winning a sweeping victory, favours polling in late April or early May. It is felt in political circles that June will prevail.

The final collapse of the Government's determination to cling to office was prompted by the resignation yesterday of Mr Yigael Hertz, the Finance Minister, who opposed Cabinet support of a plan to increase teachers' pay by more than 50 per cent.

Immunity lifted: As a parliamentary committee voted today to lift the immunity of Mr Abraham Abut-Farhat, the Minister for Religious Affairs, who has been charged with accepting bribes, the Minister himself questioned whether he could get a fair trial in the prosecution climate (Moshe Brilliant writes from Tel Aviv).

Appearing before the committee, Mr Abut-Farhat repeated his allegation that he was the victim of a political and ethnic conspiracy.

He is of Moroccan origin while the establishment of the National Religious Party, which he represents in the Government, is of European stock. Mr Abut-Farhat said he had been framed.

The Minister did not wish draw his earlier request that the committee lift his immunity in court. The request was met by a vote of 14 to four with three abstentions. The vote requires ratification by the plenary and this will be requested tomorrow.

Leading article, page 13

Aircraft sabotaged: A wrecked F104 Starfighter lies in a hangar at Munitz Air National Guard base in Puerto Rico after a series of explosions destroyed nine aircraft yesterday.

A separatist movement called the Machete Welders claimed responsibility for the attacks which caused damage estimated at \$45m (£15m). No one was injured by the 12 explosions in which eight F4D Corsair training aircraft and the F104 fighter were

completely destroyed. Two other aircraft were damaged.

Thirteen months ago two United States Marines were killed when a Navy bus was attacked in Puerto Rico. Another bus was ambushed in March but no one was injured. A separatist movement claimed responsibility for both operations. Last week letter bombs were planted in San Juan postboxes and an extremist group claimed responsibility.

Israeli poll likely to be in June

From Christopher Walker
Jerusalem, Jan 12

The Israeli Cabinet decided in principle today to back Mr Menachem Begin, the Prime Minister, in his plan to promote urgent legislation which would dissolve the Knesset (Parliament) and precipitate an early election.

The move was seen as the penultimate step in the slow-motion collapse of the right-wing administration that has ruled Israel since 1977.

It is understood that only three Ministers opposed the early election campaign during this morning's specially convened Cabinet session. They included Mr Ariel Sharon, the hard-line Minister of Agriculture, who believes that the Likud Government should try and remain in power to continue its expansion of Jewish settlements in the occupied West Bank.

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Leading article, page 13

British minister moves to save Namibia talks

From Nicholas Ashford
Geneva, Jan 12

Mr Richard Luce, Under Secretary of State at the Foreign Office with special responsibility for African affairs, flew to Geneva tonight as members of the Western observer delegations were striving to find a formula which would prevent the United Nations conference on Namibia from ending in outright failure.

British officials described Mr Luce's visit to Geneva as routine, pointing out that he had planned to attend the conference at some stage. Nevertheless, his arrival came at a time when the five-nation Western contact group was in need of additional political muscle to overcome the obstinacy—and the obscurantism—of the South African-led delegation.

Turning an almost continuous series of behind-the-scenes meetings late last night and throughout today, Western diplomats, United Nations officials and representatives from the black front line states attempted to find out exactly what the South African-led delegation would be prepared to accept as evidence of the United Nations impartiality.

No working sessions of the conference were held today. Various formulas have been put to the South Africans and the internal political parties but none has yet come anywhere near meeting with their approval.

One of the main difficulties is that the South African-led group is seeking a clear demonstration of United Nations impartiality before South Africa and the internal

parties are prepared to accept a starting date for the implementation of the United Nations settlement plan. The United Nations is insisting that no firm undertaking can be given to South Africa until a date is agreed.

We still do not really know what their requirements are", one senior United Nations official said.

Mr Sam Nujoma, leader of the South-West Africa People's Organization (Swapo) said today that from his organization's point of view no progress had been made since the conference began.

Members of the Western observer delegations were less severe in their assessment, but admitted that little had been achieved since the conference began last week. With the meeting due to end on Wednesday the time available in which to work out a compromise is rapidly running out.

Mr Nujoma said that far from South Africa questioning the impartiality of the United Nations it was rather for the United Nations and the international community to demand a demonstration from South Africa that it would act impartially during the proposed elections in Namibia.

He accused South Africa of acting in bad faith since it agreed in April, 1978, to the Western proposals which form the basis of the present settlement plan. South Africa was continuing to detain, torture and imprison Namibians.

Mr Nujoma said Swapo was ready to sign a ceasefire agreement with South Africa and to implement the settlement plan.

Egyptians arrest two Russians on spy charges

From Robert Fisk
Cairo, Jan 12

Lord Carrington, the British Foreign Secretary, left Cairo for talks with President Sadat in Aswan this afternoon, apparently convinced that the Palestine Liberation Organization (PLO) represents a large section of Palestinian opinion and that the EEC nations must maintain their contacts with it.

His belief that the PLO shares play some part in a negotiated peace settlement in the Middle East is not new, but his assertion that contacts would be continued with Mr Yasser Arafat, the PLO leader, suggested that Britain may soon create new ties with the Arab organization.

A press conference before he left for the airport, Lord Carrington drew a specific parallel between his own experience in negotiating with guerrilla leaders from Rhodesia (now Zimbabwe) and the PLO's role in Middle East peace talks.

"If there are people who are

Stronger British-PLO ties implied

From Robert Fisk
Cairo, Jan 12

representatives of shades of opinion in their countries, then it is sensible to see them. I do not believe if I had taken the view during the Rhodesia and Zimbabwe talks that I was not going to talk to people who were behaving in a way that was unacceptable to others... that it would have been possible to get a solution," he said.

It was not the sort of thing the Israelis would want to hear. Nor is the British Government likely to encourage such a policy in relation to the IRA whose activities are a little nearer home. But there can be little doubt that Britain's relationship with the PLO is going to grow rather than diminish in the coming months.

Lord Carrington was less forthcoming about a European initiative on the Middle East, the principal subject of his discussions with Mr Sadat, although he tentatively suggested that the EEC may be able to come up with something helpful "later this year".

He denied that the Europeans had drafted a "formula" for a Middle East peace to replace the Camp David initiative.

OVERSEAS

North Korean leader is invited to visit Seoul for unity talks

From Jacqueline Reditt

Seoul, Jan 12. President Chun Doo Hwan of South Korea today invited President Kim Il Sung of communist North Korea to visit Seoul and said that he would visit North Korea at any time if invited.

The invitation for talks on the unity of the two countries was made in the President's new year policy statement.

He also announced that South Korean presidential elections would be held in February and not March and that martial law would be completely lifted before the elections. Elections had been brought forward because of a restoration of political stability.

A ban on all political activity was lifted today after being imposed by the martial law command following an uprising in the southern town of Kwangju last May.

The President's invitation to North Korea is an attempt to restore mutual trust between the two Koreas which have been divided since the bitter three-year, fratricidal war 30 years ago.

President Chun extended his invitation "without any condition attached", saying that he would guarantee President Kim's personal safety and all possible cooperation.

President Chun said that "it

is the paramount national task to reunify our homeland".

Although reunification of the two Koreas has been South Korean policy since the first South-North talks were initiated in 1972, this is the first time a South Korean President has issued a direct invitation to President Kim.

Observers here see it as a bold attempt to revive contact between the two nations and to improve South Korea's image abroad, especially among the non-aligned nations. Over the past year relations between the two Koreas have deteriorated.

In 1980 there were six attempts at armed infiltration by North Korean agents. The North broke off talks calling President Chun's regime a "military fascist group" and increased propaganda attacks against the South in radio broadcasts and by loudspeakers across the Armistice line.

President Chun also announced that parliamentary elections, originally scheduled for late April to May, are to be brought forward by one or two months.

On foreign policy, President Chun said the Government intended to improve relations with non-hostile communist countries and non-aligned countries, irrespective of their different ideologies and socio-political systems.

He emphasized the need to develop the friendship between Korea and the United States into a "mature and intimate partnership" and called for cooperative relations on a broader perspective with Japan, where relations have been severely strained by Japanese demands for the release of the South Korean dissident, Mr Kim Dae Jung.

He was sentenced to death for sedition and pro-North Korean activities and is still awaiting the result of his appeal to the Supreme Court. Six main parties are expected to put up candidates in the coming presidential and general elections. The Democratic Justice Party will represent the Government and has asked President Chun to lead the party and stand as its presidential candidate.



President Chun: giving his new year policy statement

Terrorist organization is smashed, Ankara says

Ankara, Jan 12.—Police said today that they had smashed a banned left-wing organization, which had claimed responsibility for most street shootings in Ankara during the past two years.

A statement said that 204 members of the Dev-Yol organization, including 24 women, had been arrested in the past three months, shedding light on 25 murders, 25 armed attacks, eight robberies, 18 bombing incidents and several arson cases.

Dev-Yol, one of the most effective extremist groups in Turkey, tried to lead a popular uprising to establish a communist order.

Military authorities said two weeks ago that they had detained about 30,000 political extremists since the military coup in Turkey last September. The arrested Dev-Yol members were said to have run legitimate businesses in Ankara, which had been used as a cover for other activities.

In Ahizab, a village near Ankara, officials said they had discovered a list containing the

names and addresses of all Dev-Yol members. A second list with the names of 3,000 intended victims was also found.

A large quantity of weapons, including several Soviet-made machine-guns, and large amounts of cash were confiscated during the raids.

Dev-Yol and its sister organization in Istanbul, Dev-Yol, are thought to be responsible for hundreds of political murders in Turkey. The country's military leaders have sworn to remain in power until terrorism is rooted out.

Zia ul-Haq, President Zia ul-Haq of Pakistan flew in to Turkey today for a four-day state visit. He is the first head of state to visit Turkey since the military takeover.

President Zia is expected to discuss the Pakistani proposal for talks between Pakistan, Iran and the ruling party in Afghanistan, aimed at a negotiated settlement of the Afghan crisis, which would include the withdrawal of Soviet troops.—Reuter and AP.

Former Premier of Malaysia has operation

From Our Correspondent

Kuala Lumpur, Jan 12.—Tunku Abdul Rahman, the former Malaysian Prime Minister, is recovering in hospital after a successful operation to remove an infected gall-bladder.

A spokesman for the Malaysian state and leader of the military said today that the former leader was operated upon last night and was expected to remain in hospital for 10 days. The Tunku, who will be 78 next month, entered the hospital last Wednesday after complaining of a stomach upset. He has been in good health in recent years and continues to be active in Muslim missionary work.

He retired as Prime Minister in 1970, after having held that position since Malaysia attained independence in 1957. He was Chief Minister for two years before that and negotiated independence from Britain.

After retiring from politics in 1972, he became the first secretary-general of the Islamic Secretariat, based in Jiddah.

Pakistan court sets aside 'anti-national' conviction

From Our Correspondent

Islamabad, Jan 12.

The Pakistan Supreme Court has set aside the conviction and 12-year prison sentence of a Karachi man who was found guilty five years ago of anti-national activity by allegedly seeking to establish metropolitan government for Karachi. This was held to be an attempt to bring about the secession of Karachi from Pakistan.

The charge accused Mirza Jawwad Baig of attempting to "revive the Mogul Empire and capture the crown in the good old traditions with the imperial capital at Karachi instead of Delhi".

He was arrested in Karachi in November, 1974, at a time when, under Mr Bhutto's rule, the Government suppressed an anti-Government movement

supposed to have been initiated by Urdu-speaking people who came to Pakistan from India after partition in 1947. Mr Baig was convicted by a single-judge special court in March, 1975.

Mr Baig's appeal against his conviction was rejected by a two-member bench of the Sindh and Baluchistan High Court. He appealed to the Supreme Court and was ordered to be released on bail in October, 1976.

The Supreme Court, upholding Mr Baig's appeal against his conviction, stated that the two courts which convicted him "gave free play to their imagination and in a criminal trial and appeal made a comparative study of institutions and governments in other countries without receiving such material as evidence".

Fashion by Suzy Menkes

Penelope Keith can make a sandwich look funny. We sat in the gaping stalls in a break between rehearsals, while she stabbed the air with her lunch, giving half a French loaf a mischievous new meaning.

But then Penelope Keith, in real life as on the stage, is a very funny lady. She also looks, to the manner born, like the characters she creates. I have always been struck by how perfectly she is dressed for the parts she plays on stage and on television. In previous decades, when an actress's appearance was created, on and off the boards, by her pet designer, you would put it down to one creative genius. Today, as I suspected, it depends on her own instinctive feel for what is right for the part.

"With most of the women I have played, clothes help so much to set the character," she explains. "People only laugh when they feel secure, and if you can present yourself so that people instantly feel confident about the type of person you represent, you are half way there. It is often a question of instinct. For Sarah in *The Norman Conquests* we found a wonderful dress, blue with mock pearls, and I suddenly had a strong feeling that she was the sort of woman who would wear white shoes with it. It worked so well, that when I came on stage people laughed."

Penelope Keith creates next week a new middle class heroine involved in that most tragicomic bourgeois dilemma: moving house. The audience who see her walk on in a nice green tweed waistcoat and skirt in Stanley Price's *Moving* at the Queen's Theatre, will never realize the thought and work that goes into creating a stage wardrobe.

"I do feel strongly that even when a part requires many changes of scene, I shouldn't appear in totally different clothes," says Penelope. "In this play we are trying to get the sense of a woman who hasn't much money, so she must be seen in the same clothes more than once. We've got round it by mixing and matching the clothes just as women do in real life. That's why I nearly always wear my own shoes on stage. There is nothing worse than having a down-at-heel character who crosses her legs and shows a price label on her shiny new soles. And if you look at *To the Manor Born* you will notice that Audrey appears again and again in the same outfit. After all, she's supposed to be absolutely penniless and I felt that she would have just a few good clothes left over from her days as lady of the manor."

Audrey fforges-Hamilton has always seemed to me so impeccably right for the part, that I find it difficult to imagine exactly where Audrey ends and Penelope begins. She admits that her own wardrobe identifies most closely with *To the Manor Born*. So perhaps, does her life, which is set in a large country house in Surrey which she shares with her dog and her policeman husband Rodney Timson.

When we met, on a freezing day, Penelope Keith was wearing her walking-the-dog clothes—thick tweed trousers, roll-neck sweater, a stout navy Guernsey, and a warm padded coat ("that offer from *The Sunday Times*," I'm a great mail order shopper").

Her husband likes her in classic clothes and her own skirts and sweaters are bought, like Audrey fforges-Hamilton's, mostly from the fashion floor at Simpson's. ("We did buy a whole wardrobe for Audrey where-as poor Margot in *The Good Life* was dressed by endless trips to that first floor at Harrods"). At home she wears a lot of trousers especially jeans, but she tends to make more of an effort when she is coming to London.

"You know, when I was a child, I lived in Clapham, and my grandmother always used to dress to go 'up West' to Selfridges. Now Roddy has got me doing the same thing. One day he was



Above left: Penelope Keith dressed up for her public in a draped jersey evening dress trimmed with punched "suede" by her favourite designer Ann Buck. She likes jersey dressing "because they are easy clothes that you can fling into a suitcase without crushing them and they flatter you but don't overwhelm you."

Left: Penelope Keith as herself, arriving at the stage door in her mail order padded coat, warm trousers, flat shoes ("bought in Fortnum's sale") and a capacious carpet bag.

Photographs by Donald Cooper

"Just recently I've been lucky enough to win rather a lot of prizes" (including BBC TV, personality of the year). "The awards do use up my wardrobe, but luckily I'm a hoarder with a cupboardful of long dresses, so I just try and keep in mind what I wear when so as not to appear in the same outfit too often."

The only really glamorous evening outfit Penny Keith possesses is a wondrous black taffeta gown splashed with scarlet roses by the couturier Franka ("I was working with Ava Gardner and she told me I must go there"). That dress was for the Royal Variety Performance, but her evening wardrobe mostly comes from Ann Buck, whose gentle, draped silky jersey dresses, trimmed with leather and suede, she finds practical ("and they aren't the kind of dresses that take you over").

"The first time I went on Parkinson, I picked a stunning pink creation," she says. "I can't tell you how wonderful I looked walking down those steps. For the rest of the programme I looked as though I was sitting in a pink tent, with just my little face and neck sticking out."

Her face, as she is the first to admit, is not her fortune, although it is so wonderfully mobile and expressive that no-one could study her long enough to decide whether she has the perfect profile. She feels that her lack of conventional looks is probably a help when playing her character comedy parts. For her new play, her hair is cut short and worn quite straight.

"Because I am no great beauty, I don't mind what my women look like as long as they are right for the part," she says. "I just don't have that vanity of a beautiful woman. I see other actresses sitting in front of a mirror deciding which is their best side and saying how terrible they look in that hat. But it simply doesn't bother me."

Although Penelope Keith was deeply involved with rehearsals for *Moving*, which is



Above: Penelope Keith dressed in casual separates for her new role in 'Moving'. Designer Alan Tagg has picked mainly the neutral colours she prefers

and includes a Baccarat tweedy outfit and many interchangeable separates. Because the role calls for lightning changes, wardrobe mistress Janet Macklam has replaced all the regular fastenings of buttons and zips with velcro. But it is nothing, says Penelope, compared to her part in Donkey's Years which required "getting in and out of a black suit inside an 18 inch wide cupboard in twelve seconds flat".

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THE ARTS

An opportunity to reconsider all the old prejudices

Dulwich College
Picture GalleryWatteau Drawings/
Dutch Landscape Prints
of the 17th Century/
British Figure Drawings
British MuseumMiddlesbrough Art
Gallery Collection
Mayor Gallery

It is surprising—and perhaps not too encouraging to our self-esteem—that we are so powerfully our appreciation of what we see may be influenced by the context in which we see it. Take, for example, one of my pet pictures in the Dulwich College Picture Gallery collection. Aert de Gelder's *Jacob's Dream*. Early in the nineteenth century Hazlitt wrote a paean to its praise; later, James Smeathman loved it and Browning added his enthusiasm to the swelling chorus. Everyone, in short, was agreed that it was a masterpiece. But a masterpiece by Rembrandt. They were of course close to the mark, since de Gelder was a pupil of Rembrandt, and the painting is very much in the manner of his work. But the Dulwich collection was put together. But then came suspicions, a cleaning revealed de Gelder's signature and for at least the last half-century the painting has retreated into relative obscurity.

But who was right, and why? Was the delight Hazlitt found in it entirely based on erroneous supposition that it was by Rembrandt? Possibly. Is the scant attention the painting now receives largely the result of its not having any longer the "right" name on the label? Even more possibly.

Considerations like this seldom arise as long as the familiar things are in their familiar places and we react to them from stock. One of the greatest problems of any gallery is to keep on shaking up visitors' expectations ever so slightly, to persuade people who think they know exactly what they are in for to look at artworks in a different light, to break the conventional associations. The National Gallery has found an excellent way of doing this with its series of shows selected from the permanent collection by practising artists. The Dulwich Gallery has found another way. Under the new director, Giles Waterfield (the first proper, full-time director

it has had in living memory), it has just opened, restored, as far as practical, to its original aspect and colour scheme, and all the pictures have been rehung to make unfamiliar points about the evolution of the collection as well as, in the central suite of rooms, to give us a vivid impression of what it must have been like to visit the collection in its early days.

The result is no sterile exercise in historicism. A great deal of care has been taken in getting the original colour of the walls right: a sort of pinkish terra cotta worked out from contemporary descriptions and a watercolour, and, to ensure absolute accuracy, made up specially from a recipe in a paint catalogue of the time for a colour described as suitable for a background to paintings. The result of this new arrangement is to shake up all one's preconceived notions about which are the guaranteed masterpieces one should rush to and which deserve only a passing glance. The idea of grouping together all the Linley family pictures (mostly by Gainsborough) in one of the square end rooms works beautifully, and the new hang in the high central galleries, more crowded than we are used to, if still less so than originally, does set off the pictures surprisingly well and gives some of the top row breathing space they have always needed.

The opportunity has also been taken of bringing out of hiding some of the gallery's reserve collection which have not been seen for years. No dazzling forgotten masterpieces, but some excellent works by the likes of Pietro da Cortina, whose *The Age of Bronze* (for which the gallery has a related drawing as well) is the only known model for his fresco in the Pitti Palace, as well as some other "demoted" pictures, such as the powerful *Lucretia* by Guido Reni. By being made to look at some of these long unfashionable works through the eyes of their original donors, we can see something of what they saw in them—and learn, maybe, that our own taste is far from infallible.

The British Museum has a slightly different problem. Its collections are so vast and comprehensive that it is mainly a matter of finding contexts in which one or other aspect can be shown off, or at least not lost. The gallery of Prints and Drawings has at the moment (until April 20) three particularly toothsome shows, cheek by jowl. The prize exhibit is undoubtedly that of the drawings of Watteau, which displays the 53 examples in the museum collection, along with three long and more illustrative materials. As the catalogue remarks with muted but justifi-



Watteau: Four studies of the head of a young woman.

able pride, the Louvre may have more but the British Museum's are of a generally higher quality.

Certainly it would be difficult to put together a finer selection of painter's drawings than these. Perhaps partly because Watteau was clearly possessed by draughtsmanship just for its own sake; it seems that he never drew anything in preparation for a specific

painting, but kept his sketchbooks as a way of noting anything in the life around him which took his fancy, and thereafter as a quarry from which, sometimes years later, he might draw a pose or an expression or a detail of costume to fit into the painting in hand. Thus his most casual sketches, of people going about their everyday work or the figures from the *commedia del-*

arte that he loved, are full of life and vigour, executed with stunning aplomb, and unexpectedly free from the romantic melancholy so typical of his paintings.

This show comes, then, as something of a revelation. And so does the show of Dutch Landscape Prints of the 17th Century which has been mounted nearby to illustrate a new British Museum publi-

cation by David Freedberg (1979) which sets out deliberately to draw renewed attention to this, of late, rather unfashionable area of Dutch graphic art (the founders of Dulwich Gallery would no doubt have approved). Again, the British Museum has an amazingly comprehensive collection, and the examples on view should encourage us all to look again at the work of many besides the obvious stars like Rembrandt and Segers. If we do we shall find some graceful fantasy, at the beginning and in a different way at the end of the period, and in between a crisp and expressive realism which brings the mid-seventeenth-century Dutch scene vividly to life. And while we are at it, we should take a look at the third show, of British Figure Drawings of five centuries, selected it seems more or less at random from untold riches. From Shakespeare's day to our own (the latest is a Kitaj drawing of 1979) there are so many wonders one hardly knows where to start. The only sensible thing to do is go and look.

Yet another problem a gallery may have especially if it happens to be located somewhere rather remote from London—is to persuade people to go and look at all that what it has got. It seems to be becoming a habit, and a pleasing one, for regional galleries to send up to London teaser-trailers of their collections for short-term shows, so that at least we shall know what we are missing. The latest to do so is Middlesbrough Art Gallery, a small but choice selection of whose twelfth-century British collection is now on view (until January 31) at the Mayor Gallery in Cork Street.

Clearly those in charge have taken a happily independent line, so that effect that now that taste is beginning to catch up with them—particularly in the area of 1940s Romantics—they would probably no longer be able to afford the major paintings they have by Colquhoun, McBryde, Minton, Crazon and Keith Vaughan, not to mention fine earlier works by Christopher Wood, Alfred Wallis and others. There are also some surprises: Jacob Kramer's large ink drawing *Storm, Black and White Composition*, for instance, shows a less familiar side of his talents, and spikes the curiosity with its bold massing and expressive outline. The show is in itself a pleasure; but, if it encourages a few Londoners either to go specially to Middlesbrough to see the rest, or at least to note it down as a desirable stop on a North Country tour, then it will have done its work well.

John Russell Taylor

Sensitive tribute to Sidney Griller

Fitzwilliam Quartet
Wigmore Hall

Hilary Finch

Sidney Griller, as musician and teacher, can have cherished few of his seventieth birthday presents as dearly as the recital given in his honour on Sunday by the Fitzwilliam Quartet. As a tribute to his contribution to chamber music, they played late Haydn and Beethoven quartets, and, as a second tribute, this time to the late Jack O'Brien, second violin of the Griller Quartet, Shostakovich's eleventh quartet, itself dedicated, by strange coincidence, to the memory of another second violinist.

The Fitzwilliam's counterpart, Jonathan Spence, rose to the occasion memorably, drawing a richly expressive eloquence from his meditations in its Elegy, particularly moving in its last bars. Throughout the work the quartet found a remarkable range of sonorities and timbres, subtly colouring the music's spare textures and thematic material, from the raw bite of

the macabre Humoresque to sound blended so finely that it faded almost imperceptibly into silence at the end of the work.

The evening had begun with Haydn's Op 77 No 1 Quartet, spirited, as it were, from court to country, with all the robust spontaneity of an Eastern European village band. Here it was the turn of the first violin: Christopher Rowlands led the dance-like first movement with springy yet sturdy step, before being rivalled by some particularly fine cello playing in the Adagio, its searching modulations revealed in an unusually strong, well-integrated ensemble.

Beethoven's Op 132 A minor quartet, played throughout with a telling fusion of intuitive musicality and concentrated strength, was the particularly fitting apotheosis to the evening's music-making. Its "Thanksgiving" slow movement was given a wonderfully sustained yet vulnerable intensity, a live thread of sound running through even the most still passages, and with some sharp sweet, almost improvisatory first violin playing, rising, like birdsong, out of its sombre setting.

Yvar Mikhashoff
ICA

Max Harrison

Charles Ives's *Concord Sonata* appeared in two, very different, editions in his lifetime. He also made numerous changes, in some passages amounting to full recomposition, and put these into 14 copies of the first printing. Originally, the American pianist Yvar Mikhashoff intended to synthesize these in a variorum edition, but this proved impossible because of the contradictory nature of many of Ives's changes.

The work is a labyrinth, through which no two players are likely to find exactly the same route. Altogether the *Concord Sonata* is a special case, the mastery of which requires a knowledge of its cultural context, in particular the writings of Emerson, Hawthorne and Thoreau, which the composer saw as being intimately related to it. The inclusion in this season's MusICA series of a masterclass on the piece by Mr Mikhashoff was a good idea, and as performers

are not the only ones who need help, his following this up with a documentary lecture recital was still more welcome.

There were four "pupils" outstanding among whom was Noriko Kawai in the exorbitantly difficult Hawthorne movement. We were given a very detailed and specific commentary on many portions of the text, and all four movements, however, in terms of aesthetics, besides practical performance. The wealth of revealing points thrown off could only be summarized in an essay.

A similar remark applies even more to Sunday evening's lecture, which was illustrated with beautiful pictures of Concord. The performance of Ives's sonata, though, was obviously the day's climax, and Mr Mikhashoff's interpretation was an exact demonstration of the precepts laid down in the Hawthorne masterclass. The dense grandeur of the Emerson movement was made apparent, the wild fantasy of the Hawthorne Scherzo, the sheer beauty of the Thoreau finale. Indeed, this work's extraordinary imaginative power was fully manifest.

Pascal Rogé
Queen Elizabeth Hall

Stephen Pettitt

Notwithstanding his diminutive stature, Pascal Rogé showed himself to be one of the key-boards' giants, if often a gentle one, in his Sunday afternoon piano recital. He achieved no easy task with Liszt's early experimental tone poems (written between 1833 and 1849), *Année de Pélerinage*, *Deuxième année, Italie*, but emerged with glittering prowess.

Contrasting with his fastidious yet graceful cantabile in the three Petrarch Sonnets from that set was a flamboyantly infernal sense of rhetoric in its final "Après une lecture de Dante" (actually after a Victor Hugo poem), in which the rapid left-hand octaves in the opening Raphael-inspired "Spasmo" and sensitively balanced playing of the often wayward chords in "Il Penseroso"—evoking a Michelangelo statue—were other healthy ingredients in

Rogé's performance. He impressed above all, though, by his uncanny ability to shape not only each piece, but also the entire cycle, into an organic whole.

But it was the first half, with music by Debussy, which tempted risky epiphanies of greatness. In the early Suite *Jeux*, *Jeux ensembles*, Rogé exhibited control and clarity, suffusing melodic exquisitely judged rubato. Quickly jumping to Debussy's last piano works, he demonstrated his musical insight, how nearly Debussy's language came to being entirely dependent on colour in five of the twelve *Etudes* (1915), and especially in the tenth, *Pour les sonnettes*, "Four leucocytes", the fifth, had no half lights here the hues were as vivid as those in Pissarro's Paris scenes next door in the Hayward Gallery.

Demanding perhaps more subtle colouring, and getting it, was the second book of *Images* (1907). Nobody would have minded if the timelessness of Rogé's playing of the second piece, "Et la lune descend sur la temple" had been a reality, not mere illusion. Heaven is surely such a thing.

Sam Rivers
Round House

Richard Williams

Sam Rivers, who had to wait almost until middle age before he was able to establish much of a reputation on the international jazz scene, is a protean character who falls into no easy categories and accepts few limitations. Sunday's concert, the first in his Contemporary Music Network series, was a notable display of varied skills, featuring Rivers on tenor saxophone, flute and piano in the company of Dave Holland on bass and cello and Steve Ellington on drums.

Broken only by an interval, the trio's improvisations made use of a wide diversity of material and as many different instrumental combinations as could be arranged. Rivers began with an uninterrupted half-hour on the tenor saxophone, his main instrument, which he plays with an unusually malleable tone and attack, moving from a soft-shouldered bel canto style to a barking angularity. His piano work dealt in the same sprung rhythms and darting hyperactivity, but also relaxed for a dry-eyed ballad passage pulled this way and that by dizzying cadenzas, and for an interlude in which lush chords were memorably shadowed by ghostly left-hand figures.

Dave Holland, the outstanding English bassist who was beckoned to America by Miles

Davis a decade ago, produced two solos of quite astonishing rhythmic violence. The first found him making the bass cry and snort, ending in a dying fall of bittersweet notes; the second was introduced by a graceful arco passage on the cello before he let the bow fall and picked up steam with furious strumming in a Moorish mode.

Steve Ellington, a drummer of great precision and warmth, completed this perfectly integrated trio and achieved his finest moment in a series of broken counter-rhythms laid to great effect behind a fast 6/8 section featuring Rivers's flute.

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EARLY DAYS
by David Storey
Directed by
Lindsay Anderson
A National Theatre
Production

Book review

Farnborough

The Story of RAE

By Reginald Turnill
and Arthur Reed

(Hale, £8.25)

To a military pilot of my generation, the Royal Aircraft Establishment at Farnborough and Bedford were expediently professional, the Pylon Springs of aviation learning. Our approach to flying was perhaps more amateur than is the case today; and anyone who had qualified at the Empire Test Pilots school was something of a superman. In flying terms (suspiciously professional also), Reginald Turnill and Arthur Reed, Air Correspondents for the BBC and *The Times*, respectively, touch on a great many more aspects of RAE than those of pure flying, as a result some of the chapters are filled with technicalities rather abstruse for the general reader. The early history of testing aeroplanes, when they and to a lesser extent, the pilots were expendable, is good as any adventure story by P. F. Westerman, and the revelations of what we found in the German equivalent of Farnborough in 1945 give cause for thought. Their super-sonic research was far ahead of ours, and even now a wind tunnel taken as an unusual spoil of war is in use at RAE Bedford.

The frequent use of the word *boffin* (does it have a different meaning when it is used in the context of the tales of researchers (including Churchill's adviser, Lord Cherwell) who were prepared to put their theories into frightening practice give an impression that there are more *Boys Own Paper* mad scientists at Farnborough than in the case. The sanity of a pilot who set fire to his machine in flight in order to test a new extinguisher, and did it not once, but twice, could, however, have been a subject for research in itself.

The Accident Investigation Unit lays bare the sins of pilot or manufacturer, provided the pieces can be found, and quite often even if they cannot. The early Comet crashes first brought this facet of Farnborough's work to public notice, and it is described in some detail, with a glimpse of the political complications deriving from such a crash at such a time in the development of jet transport.

The authors are profoundly surprised by the forward Brian Trubshaw and look forward to the day when "It is finally decided to go ahead with a larger more advanced multi-national supersonic transport". It will need a long runway to get airborne carrying all those adjectives.

Christopher Parsons

Abundance of American theatrical myth and magic

It could be a seasonal carnival, but every night and every matinee the boisterous scene is repeated. Crowds surge into New York's Public Theatre, that theatrical byword, run by Joseph Papp, and a barker welcomes them with shouts, directing people to the desired theatre spaces.

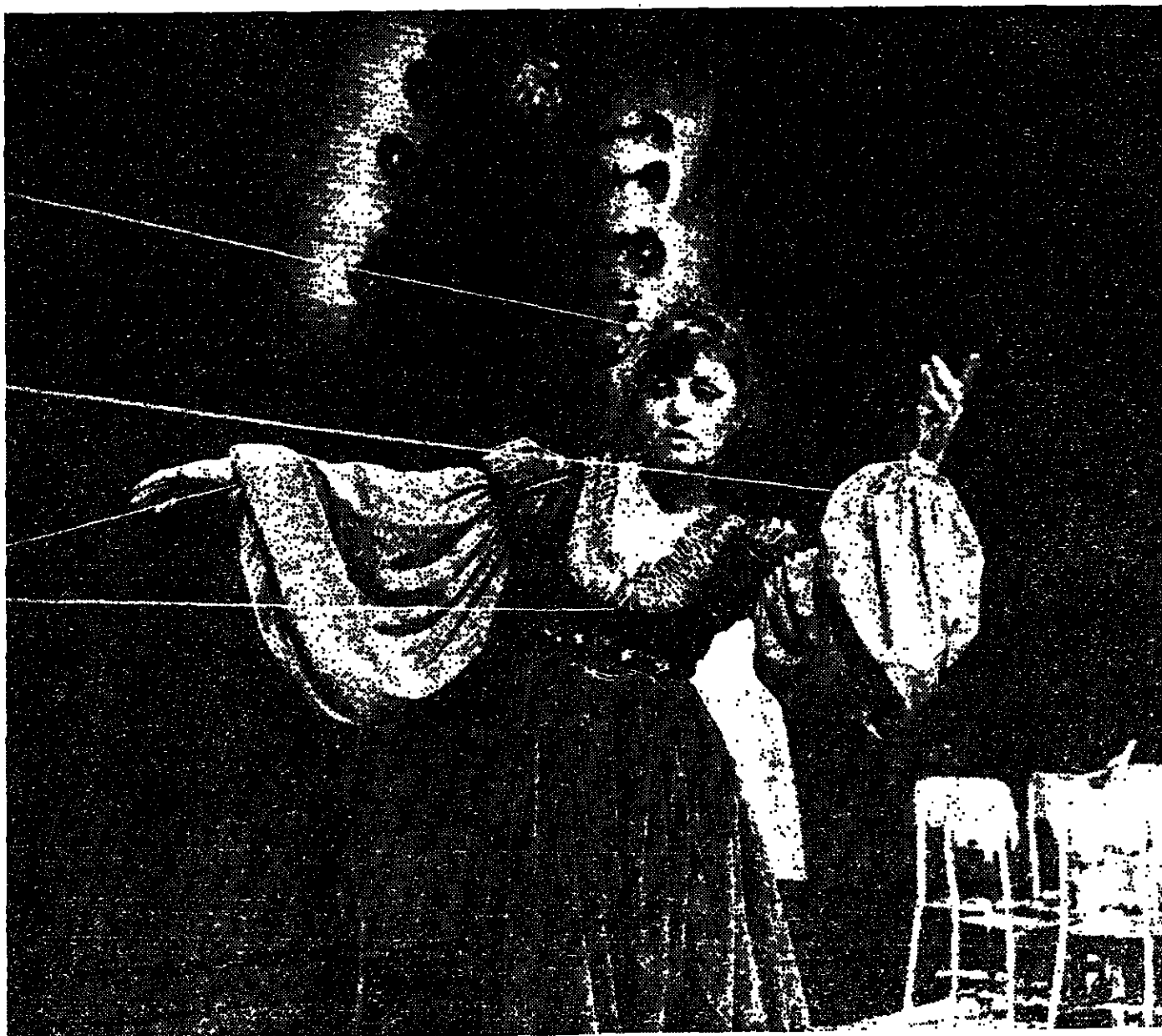
One of Papp's rooms is offering the residential experimental company Mabou Mines in a variety show about nuclear power. Another space is showing an *Alice in Wonderland* opera, *Alice in Concert*, by Elizabeth Swados and starring Meryl Streep. There is a one-man comedy about Albert Einstein, a film, and a controversial production of a new play by Sam Shepard which the playwright has disowned. And, on Broadway, Papp is filling the immense Uris Theatre with a *Pirates of Penzance* that is at once modern, irreverent and affectionately faithful to the spirit of Gilbert and Sullivan.

There are, as always, other Papp productions playing in New York, the two at the moment being the long-running *A Chorus Line* and *I'm Getting My Act Together and Taking it on the Road*. Even with the return of the producer David Merrick and his vastly popular *42nd Street*, Papp has again set the tone for the theatre season, from the serious to the frivolous. Even the best artistic rows are his.

True West is the latest instalment in Sam Shepard's mythicizing of the American family. The programme still credits Robert Woodruff with the direction, although Woodruff who was chosen by Shepard, has long since withdrawn from the production. Perhaps Shepard was justified in his protests against opening the play, for the acting wanders aimlessly all over the stage and his words, among the most taut and comical he has ever written, are frequently delivered in meaningless bursts. But underneath it all the play moves with a muscular power that becomes manifest by the end.

In other writers the appearance of a leading character who writes Hollywood screenplays is usually a simple reflection of the playwright's own upward mobility. Not so with the writer in Shepard's play who struggles at his typewriter and with a producer to market his latest project. He is one new facet of Shepard's reports on Californian life and he is endowed with a brother of a different order, a petty thief just returned from three months of living in the desert.

Peter Boyle is the thief, bald and belligerent, and possessed of a single idea for a movie which he manages to sell to his brother's producer, killing his brother's project. The first suggestion is that the brothers are opposites: the sensible screenwriter entrusted with the mother's luxurious house

Ellen McElduff in *Dead End Kids*

and the thief a chip off the father, a desert-dwelling hermit. In short, evocative scenes Shepard brings them together through their animosity, equalizing their talents and depriving them of their individuality and binding them in a common purpose before they are spurred into a primal contest of dominance by the unexpected return of their mother. The suburban house fades away and for a moment they struggle under the moon of prehistoric West, coyotes howling in the darkness.

Everything, from the screenplay to the changed streets where the boys grew up, is a "replica of a memory", and Shepard's great trick is to pre-empt the audience's expectations, for that closing dialogue, when the confrontation slips beyond conscious memory to the realization of a racial memory. The usual quirks fill his dialogue, with concern for struggling authors, struggling golfers and ten Melanie Fergusons in the town of Bakersfield, but the under-

lying violence is just barely suppressed in Boyle's character. At one point he slips from civilization into near-murder, in less than a second, with Boyle's teeth becoming bared fangs and a golf club a primitive weapon. That moment, quickly erased, vitalizes the play and puts it on course for its powerful conclusion. Without it, the excellence of the writing would not save the wobbling production.

True West will undoubtedly be seen in London, and so will Mabou Mines, although perhaps not in *Dead End Kids*. The Mabou Mines company is one of only two surviving permanent ensembles in New York, the other being the Performance Group. *Dead End Kids* offers a collective display of some of the company's talents, though by no means all of them, as part of the company is on tour. By equating alchemy with the splitting of the atom they give their selected routines a kind of unity, but by the democratic

presentation of many diverse skills it overextends and loses its focus after the interval.

JoAnne Akalitis, who conceived and directed the production, has provided some place of *A Chorus Line* as a money-spinner which can keep the Public Theatre afloat on its dedicated course of producing new work. It is a glorious piece of syncretized theatre, triumphantly funny.

Ned Chaillet

page when it was part of last summer's free Shakespeare season in Central Park. That it is now one of the hottest tickets on Broadway is a special justice, for it deserves to take the place of *A Chorus Line* as a money-spinner which can keep the Public Theatre afloat on its dedicated course of producing new work. It is a glorious piece of syncretized theatre, triumphantly funny.

Ned Chaillet

Some of the reviews on this page are reprinted from yesterday's later editions.

Ned Chaillet

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Ned Chaillet

...the erratic Miller.



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A GOVERNMENT THAT HAS FAILED

It is scarcely surprising that Mr Menachem Begin should have clung to power in Israel for as long as he has. His election victory four years ago had—appropriately enough for a man so wedded to biblical truths—something of the miraculous about it. Mr Begin had always been on the margin of Israeli politics, never at the centre. Suddenly, at a critical juncture in Middle East affairs, he was given control of the state he had served for so long and which he had helped to bring into being by running a campaign of terrorism against the British in Palestine.

Four years on, the right-wing Likud coalition over which Mr Begin has presided is a discredited political force. The Prime Minister himself is an old and sick man. Judging by recent opinion polls, the Likud's chances of re-election are slim, and Mr Begin's own chances of again achieving high office must be rated even slimmer. The roots of public displeasure lie in the Government's failure to tackle Israel's economic problems. When the Likud coalition came to power in 1977 it inherited a number of economic headaches from the Labour administration, including what was thought of at the time as an unacceptable annual inflation rate of 35 per cent. Yet under Mr Begin inflation has roared ahead, and is now nudging the 140 per cent mark.

Successive Finance Ministers, of whom the latest is Mr Yigael Hurwitz, have tried and failed to get to grips with the problem. Mr Hurwitz took over with a reputation as a tough entrepreneur who would bring his aggressive business style to the nation's economy. His resignation over teachers' pay, which has precipitated the political crisis, is very much in character.

MR DAVID STEEL'S DECALOGUE

There are two ways of judging Mr David Steel's ten-point programme for economic recovery: as an economic strategy for the country or as a political statement designed to provide common ground on which politicians of the centre could unite. It amounts to a policy of economic intervention without significantly increased public ownership, and of modified reflation. Mr Steel argues for close cooperation between government and industry along the lines practised in France, Germany and Japan; for a long-term incomes policy, "which relates wage increases to economic success"; for partnership in industry and greater help for small businesses.

All of this is familiar Liberal doctrine. Some of it is sensible, though not of central importance to the running of the economy. Other items, such as the proposal for a long-term incomes policy, are of major significance but undesirable. At the same time Mr Steel wants to take some steps to reflate the economy by permitting some expansion of the public sector borrowing requirement—though the latest figures are very high—and reducing minimum lending rate by three points. Some reduction of interest rates over the next few months will certainly be necessary, but the Government will have to take great care not to allow this to become a general movement to reflate inflation.

BRITAIN'S OVERWEIGHT AIRLINE

With a few lean and highly efficient exceptions, the world airline industry is passing through an exceptionally turbulent spell. Recession means that millions of potential passengers are staying at home, while operating costs, and particularly those for fuel, rise remorselessly. For many airlines the price of kerosene has become the biggest obstacle, overtaking wages. Ten years ago it was 15 United States cents a gallon. Today the world average is a dollar, with some forecasts in the industry putting it at two or two and a half dollars a gallon by the end of the decade.

During 1980, the 108 members of the International Air Transport Association lost more than one billion pounds, equivalent to 7.6 per cent of revenues after depreciation and interest. British Airways, whose financial year runs until March 31, can be expected to contribute some £100m to that gloomy total, and has been one of the worst performers. Yesterday Mr Biffen, in his first parliamentary action as the new Secretary of State for Trade, agreed that the state airline may

The Begin Cabinet decided, by a clear majority, to accept the findings of an independent inquiry into teachers' pay which had recommended rises of between 30 and 60 per cent. That kind of award, Mr Hurwitz felt, is precisely what Israel cannot afford.

It is doubtful whether any Finance Minister, however astute, can in fact solve overnight the endemic problems of the Israeli economy. As Mr Milton Friedman discovered when he was called in by the Begin Government to offer advice, the kind of prescriptions Mrs Thatcher found persuasive in Britain—including cuts in public spending and the attendant risk of unemployment—are politically unacceptable in Israel.

As the Zionist homeland, Israel has an obligation to absorb as many Jewish immigrants as wish to live there, and the provision of housing and jobs on a large scale can only be achieved at considerable cost to the state. Moreover, since Israel feels surrounded by several aggressive Arab states, defence spending is correspondingly high and now accounts for some 30 per cent of the Gross National Product.

There is of course no guarantee that a different Government will be any more successful on the economic front. But the Israeli public clearly believe that some body else should be given the opportunity. Above all, perhaps, there is a suspicion, tending in some cases to a certainty, that the Begin administration has continued to print money—and to rely on American financial support—in order to stay in power for as long as humanly possible.

Mr Begin himself, after all, is a man of powerful political vision. What he fears above all, and wishes to postpone if not prevent, is the return of a Labour Government committed to undoing much of what the Likud

has set out to do in the territories occupied by Israel in 1967. The future status of the West Bank and the prospects for Palestinian self-government there, are at the heart of the current impasse in the Camp David peace process. Mr Begin earned his place in the history books by signing the Camp David treaty with Egypt in the first place. But he has subsequently proved an obstacle to progress over the West Bank, which he regards as biblical lands to which the Jewish people have a just claim.

The Labour Party, led by Mr Shimon Peres, has stopped short of promising to dismantle the Jewish settlements built in what Mr Begin refers to as "Judea and Samaria". But Labour takes a much more flexible line than the Likud, and favours various imaginative ways forward, including a federation with Jordan, a concept which may prove acceptable to the new Administration in Washington.

There is of course an outside chance that Mr Begin will be able to carry on. Constitutionally he can do so until November. He could, for example, persuade Mr Hurwitz and his tiny Rafi Party to continue supporting him, thus preserving the Likud's slender majority in the Knesset.

Yet the strain of holding together a hodge-podge coalition of warring factions and personalities has already led to a series of Cabinet crises, and the Government's authority has been further undermined by several political scandals. An early election will come as a relief not only to the Israelis, but to all those concerned to see further progress towards peace in the Middle East. Whether the Labour Party will govern without the kind of coalition politics which has bedevilled Mr Begin is, however, another matter.

the true inheritors of the Labour tradition, and they will consequently be shy of being discovered in a Liberal embrace. A number of the potential defectors have in fact already made it absolutely clear that if they break from Labour it will not be to join the Liberals or a new centre party.

What might happen after the next election—especially if there were a reasonably strong representation of Liberals and social democrats who had broken with Labour—is of course quite another matter. But for the moment the most constructive contribution that the Liberals could make if they are to further this process would be to offer an electoral pact. Anything which helps potential defectors to believe that if they do break away they will still hold their seats in Parliament would make them more likely to take the risk. They know that it would be a gamble, but no politician wants to commit professional suicide. It remains doubtful whether the pressure of opinion within the party will permit Mr Steel to offer the electoral pact that he would obviously like. But this is what the potential defectors most want from the Liberals. Agreement on specific policies would become relevant later.

sors in this matter? Standing in his way is the risk of confrontation with the unions, the potential loss of millions of that most perishable of commodities, the airline seat, and an even more alarming financial deficit to be made up by the taxpayer. Yet the fact remains that British Airways' staff numbers must be reduced to something more like those of the United States airlines, such as Delta, which still return profits despite the poor conditions through which the industry is passing. The merger should be retained to obtain the economic benefits which size can bring, but to revive staff loyalty and enthusiasm, the monolithic structure into which the airline has solidified should be subdivided into a number of smaller profit centres. It is only by employing radical measures that Britain's flag-carrying airline will avoid the final approach to bankruptcy in 1981 which, according to Mr Knut Hammarskjöld, director general of the International Air Transport Association, will be brighter "but only because 1980 was such an unprecedented and deep trough".

ings", the unique character of this townsite was precisely the reason it was included in the "outstanding" conservation area around Southwark Cathedral. It would be more profitable for the Maritime Trust to explore other havens for Discovery elsewhere on Southwark's riverfront. A short distance eastwards is the Bay's Dock. Beyond is St Saviour's Dock, which could berth Discovery and half a dozen other vessels. It would be sad indeed if, in protecting one part of London's maritime history, another equally evocative element in that heritage should be needlessly destroyed. Yours faithfully, BOB SMYTH, Members' Room, London Borough of Southwark Town Hall, Peckham Road, SE5.

Food exports from the hungry

From Mr P. K. Clarke
Sir, Indeed, as Melvyn Westlake writes in *The Times* (January 8), there is a deepening food crisis in the developing countries. He did not point out one cause of this, namely the drain of food to the "North" from Third World countries experiencing endemic malnutrition.

Last year, despite food shortages, ships departed from East Africa laden with maize for European pigs. In Brazil, the production of beans, the staple protein food for the poor, has dramatically dropped. Farmers are now growing soya beans to be exported for cattle feed.

If we do have to import foodstuffs from food deficit areas, may I propose a surcharge be levied on all of these food imports? The surcharge will relate to the lost opportunity of attaining food self-sufficiency and security and will be paid into a special fund for promoting agricultural development in the home sector in the developing countries.

Yours faithfully,
PETER K. CLARKE,
Crislie Farm Cottage,
Peables,
January 10.

European visa delays

From the Consul General of the Federal Republic of Germany
Sir, I have read with interest Dr K. V. Wilkes's letter of January 8 in which he complains about delays in the handling of visa applications by West European Consulates, including that of the Federal Republic of Germany.

I regret, as every one would, that due to political circumstances beyond our control it is still considered necessary to have a visa if you want to travel from West to East and, consequently, from East to West. And I am sorry that a visitor from an East European country obviously was not satisfied with the way his application was being dealt with. But unfortunately, some time is needed for the formal procedure that has to be followed. I can assure you that our staff are doing their best to make things go as fast as possible.

In the case mentioned by Dr Wilkes I would like to put certain facts right. The application, dated December 5, was received by mail on December 8. But as the forms were not completed and the passport was not enclosed, the application could not be dealt with immediately. More than one week later the passport was submitted so that the formal procedure could start. Despite the holiday period around Christmas, on January 6 the visa was ready for collection. I do not think that this was too long a delay.

While I do not want to comment on the general remark about the "space with which East European countries deal with West European applications", I wish to point out that my personal experiences have been different.

Yours faithfully,
H. A. von P. HIR,
Embassy of the Federal Republic of Germany,
23 Belgrave Square, SW1,
January 8.

Hard choices on defence

From Mr Michael James ap John
Sir, Wing Commander Derek Dudley Martin (January 9) asks why it is necessary to give military rank to, among others, doctors.

Perhaps one answer is to be found in the history of the Crimean War, before and during which it was not considered necessary for a medical man to exercise military authority.

Yours faithfully,
MICHAEL JAMES AP JOHN,
5 Church Lane,
Loughton,
Milton Keynes, Buckinghamshire.

Hot under collar

From the Reverend C. E. Leighton Thomson
Sir, This starchy problem of clerical collars is no laughing matter. Mine returned from the laundry like a boiled egg, soft in some places and hard in others.

In desperation I turned to my friends. A judge asked passing them to a firm in Glasgow. A Commander in the Royal Navy generously shared his secret of a little mink in Scotch. The results are hopeful but 39p per laundered collar is almost 50 per cent of the purchase price.

Could not some enterprising diocesan committee convert a disused church into a laundry specialising in the cleaning of ecclesiastical apparel? Who knows, the church might collar the market. Yours truly,
LEIGHTON THOMSON,
Old Church House,
4 Old Church Street, SW3,
January 8.

Sticky business

From Mr P. W. Gofton
Sir, There is one thing worse than having to remove a sticky price label from an intended gift. It is succeeding in removing said label only to reveal a lower price indelibly printed on the article itself.

Yours faithfully,
PETER W. GOFTON,
Flat 117,
55 Park Lane, W1,
January 7.

Press coverage of Sutcliffe case

From Mr Stewart Fairlie
Sir, *The Times* is to be congratulated on its leading article (January 7) on the Sutcliffe case, as is Lord Rawlinson on his letter on the same subject (January 7).

I, and other Scottish editors to whom I have spoken in recent days, have seen and heard with growing disbelief:

1. The police expressing understandable and yet totally incautious delight at Mr Sutcliffe's arrest.
2. The broadcasting of an interview with neighbours of a man not at that time officially named let alone charged, and also details of his home circumstances; and
3. The publication by at least two newspapers of a photograph of Mr Sutcliffe.

There is little doubt that had the proceedings come under Scottish jurisdiction on restriction would already be on the way to the offending members of the media in the likely form of a charge of attempting to pervert the course of justice or (in the third case) contempt of court.

The Lord Advocate has repeatedly warned in meetings with various sections of the Scottish newspaper industry in the past year of the perils of publishing information which may prove prejudicial to an accused person.

Significantly, he has also warned that the police must take great care to ensure that no information published could rebound to the prejudice of a person ultimately accused of a crime under investigation. A police officer who conveyed prejudicial information to the press could possibly be charged with attempting to pervert or interfere with the course of justice.

Members of the Guild of British Newspaper Editors (Scotland) have broadly welcomed the Lord Advocate's positive approach to the problem, although fears have been expressed that his guidelines to the police could have the effect of reducing the flow of legitimate information to journalists.

Yours faithfully,
STEWART FAIRLIE, Editor,
The Oban Times,
Oban,
Argyll,
January 8.

From Mr W. S. Greenwood

Sir, The television and Fleet Street coverage of the arrest of Peter Sutcliffe must have raised the eyebrows of many regional newspaper editors brought up in fear of the laws of contempt of court. For many years they have diligently, and sometimes over-zealously, struck background material about the accused out of reports of arrests.

(January 7) seems to indicate that no law, let alone the Contempt Bill now before Parliament, can satisfactorily deal with all the potential problems of prejudice to a fair trial. Nearly all the previous statutory restrictions on reporting have been found to be anomalous and imprecise. It is impossible to legislate

Israel's strategic value

From the Chairman of The Zionist Federation

Sir, Hisham Sharabi (article in *Europe*, January 6), like many proponents of the Arab cause, is standing events and reason on their heads in trying to convince us that peace in the Middle East and the West's interests are hinged on the Palestinian question and the Arab-Israeli conflict.

An example of his flawed argument can be seen in his reference to Russia's aims in the Gulf and in Syria. If, as he claims, Russia would not risk a confrontation with the USA in the Gulf, where the prize of supremacy is oil with the enormous economic and political advantages which inevitably go with controlling this vital commodity, why would she risk the risk confrontation in the Israeli-Syria arena where her advance would be checked primarily by Israel's own strength and determination, and where the prize of success is inevitably of a speculative nature?

While it might be true that the Arab-Israeli conflict has enabled the Soviet Union to gain influence (if

for every news situation that can arise. Only a voluntary adherence to the principle of not assuming guilt merely because a person has been charged can really be satisfactory.

Having said this, it is sometimes difficult to follow the logic of some points raised in the current outcry. Mr Thomas McNally, MP, for instance, deplores the naming of Peter Sutcliffe once he had been arrested. How can this possibly injure his fair trial? His name will, in any case, be known to any jury that tries him and was, in fact, known as soon as he appeared before the justice. And even your own leader attacks the police for saying that they were absolutely delighted.

It follows that the police will be delighted if they think they have caught a murderer. If they did not think so they would not have arrested him, nor would he have appeared in court. But the police confidence cannot mean that the accused person is necessarily guilty. That is for the jury to decide.

Yours sincerely,
WALTER S. GREENWOOD,
Chairman,
Law Examinations Board,
National Council for the Training of Journalists,
Carlton House,
Epping,
Essex,
January 7.

From Mr Tom Shields

Sir, Your leading article published today (January 7) and headed, "The right to fair trial" is an object lesson in hypocrisy. You state that it was apparent on Sunday night that a charge was imminent and acknowledge that the risk of contempt had clearly begun from that moment. Nevertheless on Monday the front page headline in *The Times* read "Ripper squad suspect faces serious charge".

The article which followed contained a statement from Mr Grezory, the chief constable of West Yorkshire, reports of the relief felt by other senior policemen and even interviews with the arresting officers.

The implication of this article was abundantly clear and any lingering doubt would have been dispelled by the cross-reference at the bottom which read, "Years of terror, page 2". Page 2 contained a review of the current state of the law, which was the subject of police investigation.

In short the decision facing you on Sunday night was no different on the question of contempt than that which faced other editors on Monday night. The mere fact that you decided to show discretion 20 hours later when others continued to publish is no reason to point an accusatorial finger or to feel that, as Lord Rawlinson has said (January 7), you remain loyal to old-fashioned ideals.

Yours faithfully,
TOM SHIELDS,
Brick Court,
Temple, EC4,
January 7.

Yours faithfully,
GEORGE TREMLETT,
Housing Leader's Office,
The County Hall, SE1,
January 6.

Canterbury tale

From Mr Christopher Gay

Sir, Mr Jack Lonsdale's compilation of the anniversaries of 1981 (January 5) reminds us of the death of John Lenson (John Lennan) on the previous day of Archbishop Simon of Sudbury.

Sudbury, it will be recalled, was held responsible as Chancellor for the hated poll tax and was not saved from a public and informal execution by the insurers ever since.

As Archbishop of Canterbury he is remembered with thanks as a great builder. Not only was the stupendous task of rebuilding the medieval nave put in hand as a result of his energies (and his own generous financial contributions), but also he generated a new era of civic building, including the magnificent Westgate and Holy Cross Churches, now appropriately the City's Christmas Day.

This Christmas Day the Mayor places a commemorative wreath on Archbishop Sudbury's tomb. This year, 600 years after his death, there will be a number of events in Canterbury (notably a cathedral service on June 13) at which we shall remember a remarkable man.

Yours faithfully,
CHRISTOPHER GAY,
City Chief Executive,
Canterbury City Council,
Canterbury, Kent.

In the slightly later light

From Mr B. D. Kaulan

Sir, Alas, Margaret R. Leigh (January 5) is running at least a couple of decades slow in her notion of when the American work day begins. Most executives (and other office workers) that I know seldom reach their offices nowadays before 9.15 or 9.30 and, often, their starting time has begun creeping perilously close to 10 am. But I would not attribute this to breakfast television. If anything, the sheer monotony and predictability of morning television in the United States may be a factor in encouraging working people to leave home earlier than they otherwise might.

Yours faithfully,
BERNARD D. KAPLAN,
European Correspondent,
The Hearst Newspapers of America,
55 rue Pergolèse,
Paris 16e, France,
January 7.

A world of difference

From Mr Michael Milbourn

Sir, What must be (so far) the quote of 1981, attributed to Sir Peter Cadbury:

"If anyone thinks £75,000 is a lot of money, he must be in a different world". Yours faithfully,
MICHAEL MILBOURN,
Field House,
Ware Road,
Ware, Herts.,
Hertsfordshire,
January 8.

هكذا من الأصل

THE TIMES

BUSINESS NEWS

هكذا من الأصل

LAING
make ideas take shape

Living standards showing sharp rise but national income down as profits fall

By Melvyn Westlake

Living standards for many people in Britain began to rise sharply again in the last summer and early autumn last year, although the overall income of the nation was declining. The major casualties of this trend were companies which suffered a further overall fall in profitability.

Government figures published yesterday show that personal disposable income rose in the third quarter compared to the previous three months.

Personal disposable income is a rough yardstick of living standards. The rise in the third quarter came after a very slight decline in the previous three months and an historically unparalleled rise of about 14 per cent in the two years 1978 and 1979, taken together.

The 2 per cent rise in the July-September period, however, was in spite of a marked fall in real national disposable income. This is similar to developments in 1978-79 when the rise in living standards was nearly twice the rise in real national disposable income.

Yesterday's figures show a rise of about 4.5 per cent in wages and salaries during the third quarter, before allowing for inflation and tax. This came after a rise of 5 per cent in the second quarter.

The latest increase in the wages and salaries bill would have been higher if there had

not been a significant fall in employment. In particular, there has been a sharp contraction in employment in manufacturing which dropped 3 per cent between the second and third quarters of last year.

The rising level of unemployment probably also means that the growth in real personal disposable income became increasingly uneven. The economic recession and the rising level of joblessness may also have been a factor encouraging people to save more of their disposable income.

The volume of consumers' expenditure was little changed in the third quarter after the sharp fall in the April-June period.

The result is that the proportion of income being saved appears to have reached a record 15.7 per cent, compared to 15 per cent in the April-June period.

For some time, there has been a steady rise in this savings ratio. One explanation for the latest rise may be that households have simply not adjusted the level of their expenditure in line with recent pay increases.

In contrast, to the rise in wages and salaries, companies in the industrial and commercial sectors saw their profits fall in the third quarter by about 4.5 per cent, after allowing for stock appreciation.

This is a bigger fall than first

thought. The drop in the profitability of industrial and commercial companies before making any allowance for stock appreciation was about 12 per cent.

When North Sea oil profits are excluded, the net fall is about 8 per cent in the third quarter and nearly 10 per cent in the second and third quarters together (compared the previous six months).

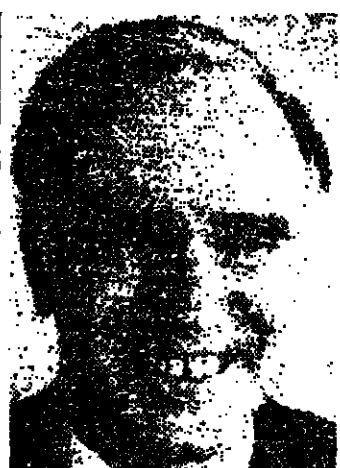
In real terms, profitability has been very weak for a considerable time. Even in cash terms, net profitability was lower in the third quarter than it was five quarters earlier.

Even the companies engaged in North Sea oil and gas production have seen less buoyant profits in 1980. After steadily rising since 1975, the profits of these companies fell by six per cent in the third quarter. This was the result of a decrease in both the volume of oil and gas sold and in the average price which the companies have been paid for their oil.

The fall in volume resulted from continuing maintenance work on the platforms, whereas the decrease in price arose from the appreciation of sterling against the dollar, at a time when oil prices, in dollar terms, were relatively stable.

However, over the six months to September, profits of North Sea oil companies rose by seven per cent, compared to the previous six months.

Table, page 18



Mr. Moon: state funding to end this year.

Cash doubts halt new engineering training

By Patricia Tisdall

The Engineering Industry Training Board has suspended plans for new training courses until the issue of how they are to be funded has been resolved.

In a letter to employers, Mr. Joseph Moon, the EITB's director, says he is unable to follow the customary practice of announcing forthcoming training plans.

The letter comes after a House of Commons statement by Mr. James Prior, Secretary of State for Employment, in November announcing a shift to voluntary training arrangements. The 24 industrial training boards have since been told that state funding of their operating costs would be reduced by 25 per cent from April and would cease altogether by 1982.

"It is clear from a letter recently received from the Manpower Services Commission that boards should plan on the basis of public funding of operating costs ending at December 31, 1981," Mr. Moon says.

The EITB, one of the largest of the boards, already has cut its staff by more than 250 jobs and is expected to cut 751 over the next two years. Salaries account for about half its £5m operating costs.

The boards are facing a struggle for survival. Employers have said they cannot support the boards once exchequer funds are withdrawn, and many larger companies which undertake their own training, are indifferent to the problem.

Mr. Prior has said the government is unwilling to increase the public limit of 1 per cent of payroll on the statutory levy other than by affirmative resolution of both Houses of Parliament—a procedure which the boards believe is unrealistic for them to implement in the time available.

The only hope lies in the sector by sector review of each of the boards which Mr. Prior has asked the Manpower Commission to complete by early June.

A review is intended to identify the sectors which would benefit from the continuation of a statutory training board and the scope of those individual boards should continue. Mr. Prior stressed that only a few statutory boards will be retained.

He is to seek immediate powers under a short Employment and Training Bill to be introduced in parliamentary session to wind up boards.

Fisons withdrawal of anti-asthma drug cuts £10m off shares value

By Andrew Goodrick-Clarke

Fisons, the pharmaceutical manufacturer, is to withdraw its most promising new drug as a result of what the company last night called "an unsatisfactory safety profile for long-term administration". The news pushed the company's share price down to a new 16p low in late dealings.

Almost £10.5m was wiped off the market value of the group when it said it had decided to withdraw from the development of Proxiron, a systemic anti-asthma drug which would have been marketed in tablet form.

This is a last-minute decision by Fisons. The drug was expected to go on to the market next year.

A spokesman said: "The withdrawal of any compound when so close to marketing is disappointing, but it is part of the accepted risk of pharmaceutical research and development."

Fisons, whose interests span pharmaceuticals, fertilizers, agrochemicals and scientific equipment, pioneered the treatment of asthma through new drugs. The company's first formula, first introduced in the United Kingdom 10 years ago, is now used by asthma sufferers throughout the world.

Fisons' discovery in 1965 of disodium cromoglycate, which inhibits the effect of inhaled antigens, led to the development of Intal and derivatives such as Rynacrom, an inhalant treatment for hay fever.

Other drugs for the treatment of allergies followed. They largely contributed to the huge growth of the group's earnings from pharmaceuticals which now account for about 60 per cent of pre-interest profits, which totalled £24m last year.

Patents on Intal and its derivatives start running out next year, making the development of Proxiron, which

would have been the first oral prophylactic anti-asthma drug available, crucially important to the company.

As recently as May, Sir George Burdett, chairman of Fisons, confirmed that the drug's development was on course.

Last night Fisons was unwilling to elaborate on the reasons for the withdrawal. However, the company pointed to a number of other compounds with "significant potential" which are now in the research pipeline, some deriving from the sodium cromoglycate discovery.

Fisons' fortunes are going through a hard spell. Difficulties last year saw it go into an agrochemicals partnership with Boots, which was formally launched yesterday, while last week the company announced a restructuring of its fertilizer interests involving 1,100 redundancies.

Financial Editor, page 17

Stock markets	
FT Ind 455.1 down 6.1	FT Gilt 68.31 down 0.32
Sterling	
\$2.3985 up 20 points	Index 79.3 up 0.2
Dollar	
Index 86.5 up 0.3	DM 1.9845 up 123 pts
Gold	
\$562.50 down \$15	
Money	
3-mth sterling 14.1-14.2	3-mth Euro \$ 16.1-17.1
6-mth Euro \$ 16.1-16.2	

IN BRIEF

Accountants agree on merger

Arthur Young, McClelland Moors & Co. and J. & J. Layton-Bennett, lifting AYM, the smallest of the "Big Eight" accountancy firms, up to fourth or fifth place in the league table.

Priddy Waterhouse and Coopers & Lybrand in number of partners and fee income.

JLB's strength is in specialist insurance, retailing and local authority audits, and it is its expertise in insurance that AYM found attractive.

JLB, which was approached last year, is a loose grouping of regional partnerships and ranks about fifteenth in the United Kingdom in terms of fee income.

AYM's fee income will be increased by around a third to more than £30m as a result of the merger, and the number of partners will go up from 100 to 148. Geographical representation will improve, and AYM will become the largest accountancy firm in Scotland.

Issuing Houses change. Mr Geoffrey Williams will step down next month as the Issuing Houses Association's delegate to the Council for the Securities Industry when his two-year term ends on February 20. His place is expected to be taken by Mr Thomas Mann, a vice-chairman of Lazar Brothers.

Grant for British Gas. British Gas has won a £2.2m grant from the EEC towards the cost of its advanced coal gasification project at the Westfield Development Centre in Fife, Scotland.

£24m coal contract. Matthew Hall Ortech of Sale, Cheshire, has won a £24m contract to design, build and commission a coal preparation plant at Grimethorpe, Yorkshire, for the National Coal Board.

Steel decision soon. The Government expects to reach a decision on British Steel's corporate plan at the end of this month, Sir Keith Joseph, Secretary of State for Industry, told the Commons. The plan aims to slim down the company's operations.

Scottish textile fears. North East Scotland Development Authority has submitted a report to the Government expressing the fears of textile companies in the Grampian region over their survival chances.

Courtauld inquiry. The Government is investigating the export of Courtauld's textile looms to the United States from factories closed at Workington and Carlisle last May. The Government may seek to claim back all or part of regional development grant paid to the company.

New oil find. Hamilton Brothers has made a new oil find in the North Sea in block 30/24, four miles west of the Argyll field. The well was tested at 6,077 barrels a day.

Wall Street steady. The Dow Jones industrial average closed at 968.77, up a mere 0.08 above its Wall Street closing for last Friday. The S&P 500 rate was 1.27324 while the £ was 0.529744.

Iraq raises its crude oil prices by \$4 a barrel

Iraq is reported to have joined other Gulf oil producers in raising the price of its crude by the maximum \$4 permitted under the loose agreement of the Organization of Petroleum Exporting Countries (OPEC). In Bali, Indonesia, last month, Iraq is now charging \$37.29 a barrel for its Kirkuk blend exported through the Ceyhan terminal on the Mediterranean coast of Iraq.

It is thought to be charging \$36 for its main crude, a marginal increase from the \$35 it fixed last year. Of the larger Arab members only the United Arab Emirates has yet to make the step of its price rise clear. Saudi Arabia has introduced the smallest increase of \$2 and retains the lowest price of \$32. Algeria, Libya, Iraq, Qatar and Kuwait have raised their prices by \$4. Indonesia, Venezuela and Nigeria are charging around \$5 more.

Finance house credit is lowest for 18 months

By Our Economics Staff

Britain's finance houses, business slumped dramatically in November. New advances were down more than £50m to the lowest level since March, 1979. Credit granted by retailers increased slightly, but the total of new credit extended dropped to £570m from £611m in October, a fall of £42m.

The sharp drop in credit business meant that the public actually paid back more than they borrowed in November, after allowing for seasonal factors, so the level of debt fell by £45m, though seasonal fluctuations meant that the absolute level went up slightly to £58.83m.

Over the three months to November, the total level of advances was down 6 per cent over the previous three months period. For finance houses and other specialist sources of credit alone, the drop was 7 per cent.

At the same time as releasing figures showing the sharp

drop in credit business, with declining sales of cars a major factor, the Department of Trade published revised figures showing that the volume of retail sales fell slightly, the index dropping from 105.7 in October to 105.2 in November.

The volume of sales has been virtually static since March and indications suggest that the figures in December were not particularly good. The clothing and footwear industry had a particularly bad time in the three months to November, with the volume of sales falling by 3 per cent from the previous three months.

It is possible that the volume will pick up in January in response to the winter sales, though large parts of Britain's high streets have been having sales stop-ops for the past year. The impact of this is shown by figures for the value of sales in the shops, which fell by 3 per cent in November from the same month last year.

Table, page 18

Warning on Reagan tax promise

Washington, Jan 12.—Mr. William Miller, the United States Treasury Secretary, said today that inflation would worsen if Congress cut taxes before it cut spending.

He said in a television interview that members of the incoming Reagan Administration had made a number of economic promises, including cutting taxes and government spending,

"My reading of the landscape is, if there's a big tax cut first, there'll be no incentive for Congress to control expenditures and so you won't get the control; you'll get a very large deficit and more inflation."

Curing the United States economy would require long-term solutions, not short-term "theatrics" such as declar-

ing an economic emergency, Mr. Miller added.

Mr. James Jones, House budget committee chairman, said Congress should push for spending cuts of about half the expected Federal deficit for fiscal 1982 of \$55,000m to \$60,000m.

It was too late in this fiscal year to expect "meaningful cuts" for 1981.

Mr Joe Hyman sells Crowther holding and leaves board

By Peter Wainwright

Mr Joe Hyman, the textile millionaire who was deposed as chairman of Viyella International in December 1979, is leaving the board of John Crowther, the Huddersfield woolen group in which he bought control for £1.4m in 1971.

He has sold his 55.49 per cent stake to institutions and others at 22p a share. Mr Trevor Barker, a chartered accountant who is chairman of Findlay Hardware is taking over as chairman and chief executive. He has bought 720,000 of Mr Hyman's shares, 20 per cent of the equity. Mr R. W. Aitken and Mr F. B. Webb are also leaving the board and they have sold 3,000 shares at 22p.

The deal leaves Hyman interests as key shareholders.

The Joe Hyman Discretionary Trust, which accounts for nearly 33 per cent of the shares, and the Joe Hyman Charitable Trust with 0.58 per cent are keeping their stakes "for the foreseeable future".

To enable outside shareholders to sell at the price which Mr Hyman and the other directors received, L. Messel Crowther's stockbroker, is standing in the market for a week as a buyer of ordinary shares at 22p a share. Hopes of what Mr Barker will accomplish in the takeover are still uncertain. Crowther up 5p to 25p yesterday.

It is thought that Mr Barker and Mr Gordon Brook, who is also joining the Crowther board, will try to unlock the group's property potential. Assets per share as indicated in the last report and accounts



Mr Hyman: trusts to retain stakes in company.

for the year to December 1979 published last June were around 56p but that assumed their continuing use in textile manufacturing.

Mr Hyman's departure marks the failure of a sustained attempt to turn Crowther into another Viyella. He spent

millions of pounds on new equipment designed to feed a mass market at home and abroad. Dear money, expensive oil and the strong pound frustrated his hopes as they have done those of many other textile manufacturers. Crowther has lost money in seven out of the last 10 years and has nearly broken even in the half year last June despite a two thirds cut in its labour force.

It was in December 1969 that Mr Hyman was suddenly deposed as chairman and chief executive of Viyella International, the Clydeside, Van Heusen and Peter England group after leading it for seven years. The dismissal followed months of boardroom unrest amid recession in textiles. Mr Hyman's departure was quickly followed

by a bid from the key supplier ICI which merged it with Carington and Dewhurst. The Industrial Reorganization Corporation was keenly interested in the textile industry and Mr Hyman alighted on Crowther after a request from the IRC to look into the Yorkshire woolen trade.

Mr Hyman said last night that he wanted to spend more time on his family and farms. He strongly denied that he was joined with business and added: "I would like to do a job in the public sector where my industrial experience would be of use." He continued: "I can no longer spend as much time as I would like in Huddersfield. I live in Surrey, keep a flat in London and play golf at Fulbourn."

Free extensions intended to give corporation a marketing lead

Telecom salesmen plug the value of sockets

British Telecom is to provide free telephone socket extensions for certain subscribers in an 18-month trial from March.

The scheme will be offered to 24,000 residential and single-line business users in Taunton and Carlisle. If the trial is successful, every home in Britain could eventually be rewired to allow a telephone handset to be plugged in anywhere in the house.

In the trial, four sockets will be installed on each line free of charge. The service is to be based on similar plug-and-socket systems which at present operate in Canada, the United States and many European countries.

British Telecom stressed yesterday that this service could not yet be generally offered to the public.

The plug-and-socket trial is the latest play by the corporation to give it a marketing edge when the private sector is allowed to compete with it in the supply of equipment.

The plugs and sockets will be a patented set, and it is unlikely that they will be made available to the private sector without the permission of British Telecom. The corporation still controls the network and has the right to install the first telephone.

Any extra handsets to be used with the new system would need to have a plug which was compatible with the British Telecom socket.

Apart from the marketing advantage, British Telecom will undoubtedly minimize maintenance and labour costs. The corporation says the main aim of the scheme is "to increase our sales of extensions and to update the residential telephone

system, leading to a rise in rental and call revenue."

British Telecom is confident that the plug-and-socket system will catch on, and it is prepared to sacrifice the present rental charge for extensions—25p per quarter for two sockets. In future, if the system is adopted, the sockets would cost the subscriber nothing. The customer could buy extra plug-in handsets from British Telecom.

The move is seen by the corporation as bringing the purchase of an extension telephone into line with that of any other consumer item.

In the trial, the corporation will convert existing customers to the new plug-and-socket scheme gradually. New residential customers will be offered the plug-and-socket installation only.

Bill Johnstone.

British Airways admits losses may be £100m

By Arthur Reed

British Airways yesterday admitted that its loss for the financial year ending in March could be as high as £100m. Earlier the Government agreed to allow the airline to borrow a further £85m to meet its running expenses.

The big loss has come despite intensive efforts by the beleaguered state airline to reduce costs during the 1980-81 period, including cutting capital spending by £150m, operating costs by £120m and raising £25m from the sale of aircraft and properties.

BA made a loss of £2m during the first half of this financial year, which encompassed the spring and summer when airlines generally expect to build up profits to balance losses made in the winter months, with fewer people travelling.

This compared with a profit of £70m for the first half of 1979-80. Before yesterday, BA's 1980-81 loss had been forecast at about £60m.

The airline emphasized last night that the additional £85m was not a state handout. The government decision simply gave BA permission to go to British banks to raise this sum. As a result, BA's interest payments during the financial year 1981-82 will rise to about £100m.

Announcing the permission in a written Commons answer yesterday, Mr John Biffen, Secretary of State for Trade, said that this would raise BA's external financing limit to £340m. The airline's revenue for the year ending in March would be £400m below budget, the minister added.

Mr Biffen said that BA had been badly affected by the recession. Even the modest element of market growth forecast



Mr Roy Watts: "The most serious financial position we have ever faced."

by most operators had failed to materialize.

Although the airline had cut its costs, sold some of its assets, including aircraft, and cut capital spending, these were not enough to meet the revenue shortfall.

Mr Roy Watts, chief executive and deputy chairman of BA, said yesterday: "We are now in the most serious financial position we have ever faced, and it is most important that everybody understands that these losses are a real threat to the airline."

The revenue shortfall this year is a straight shortage of cash. "It is cash essential not just to pay fuel and wage bills, but also to buy new, efficient aircraft, which is the whole future depends," he said.

Even the huge economies already made had not proved enough. The Government's agreement to allow the airline to borrow more money on the money market was a "short-term breathing space".

Leading article, page 13

THE WELLCOME FOUNDATION LTD

Report for the year ended 30 August, 1980

	1980	1979
£m	£m	
Capital employed	£338.1	£305.7
Group Sales	£442.4	£411.6
Expenditure on research and development	£47.3	£39.1
Profit before tax	£48.1	£51.6
Profit after tax	£35.9	£28.8
Distribution to shareholders	£9.0	£8.0

Group sales were £442 million against £412 million for the previous year, says Mr. A. Shepherd, Chairman of The Wellcome Foundation Limited, in his annual review. Group profit before tax was £48.1 million compared with £51.6 million. However, the profit for the year under review contains an exceptional credit of £6.4m arising from a revaluation of the net realisable values of certain stocks.

"If sales and profits for 1979 and 1980 had been compared in local currency terms, the increase over the previous year would have been 16%, whereas the relative fall in profits would have been approximately the same."

"Against the volatile background of foreign exchange markets and the price pressures upon us in many overseas markets, it has been particularly gratifying that we have managed to achieve a new export record. For the first time in any period of twelve months and in this our centenary year our exports have exceeded £100 million, and at £107 million a 12% increase over the previous year. We estimate that the adverse foreign exchange movements have cost us £5 million."

A number of important commercial arrangements were made during the year which will be of great future benefit. A contract has been finalised with the Indian Dairy Corporation for the sale to them of four-and-a-half tonnes of vaccine technology; a contract has been entered into to supply the Imperial Cancer Research Fund with interferon for clinical trial; a potential anti-cancer substance, and there is a contract to supply interferon production technology to Sumitomo Chemical Co. Ltd., Japan. Long-term (reproducible) supply agreements were concluded with Hungarian state undertakings, concerning a new range of synthetic insecticides.

The Chairman reports: "We expect the high level of capital expenditure to continue. Much of this will be concerned with the group's research and development facilities."

"We have now commenced construction of a new production facility for our reagents and diagnostics business which should be completed during 1981 at a cost of between £5 and £6 million."

"Further arrangements were made during the year to support the capital expenditure programme and our group remains in a very liquid position."

The Wellcome Foundation Limited is an international group of pharmaceutical and chemical companies with headquarters in the United Kingdom. Under the will of Sir Henry Wellcome, all distributions received by the trustees who are the sole shareholders are applied by them to the support of medical and veterinary research in universities and hospitals throughout the world.

Wellcome

PRICE CHANGES

Rises

Allen B & Ross	5p to 37.5p
Easton	8p to 100p
Carpetis Int	10p to 13p
Daily Mail 1st	15p to 45.1p
Harris Qway	12p to 138p

Falls

Berkley Exp	17p to 22.5p
Brady Leslie	20p to 25p
De Beers D/F	20p to 33.5p
Fisons	20p to 166p
Gas & Oil Acc	15p to 43.5p

THE POUND

	Bank	Bank	Bank
	buys	sells	sells
Australia \$	2.71	2.83	
Austria Sch	35.50	36.00	
Belgium Fr	78.25	75.25	
Canada \$	2.91	2.83	
Denmark Kr	15.10	14.40	
Finland Mk	9.65	9.20	
France F	11.25	10.80	
Germany DM	23.50	22.50	
Greece Dr	132.00	125.00	
Hongkong \$	12.70	12.10	
Ireland P	1.32	1.26	
Italy Lit	235.00	224.00	
Japan Y	511.00	485.00	
Netherlands Gld	5.31	5.08	

	ML Holdings	Man Agg Music	Man Agg Music
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China may 'buy British' in updating universities

Britain's advanced technology and computer industry could benefit significantly from plans by the Chinese Government to spend \$393m (£165m) on updating its universities and higher education establishments.

A top level equipment review team from China is to visit the United Kingdom this month and in February to study teaching and research techniques at British institutions, universities and polytechnics and to meet manufacturers.

The visit comes after the arrangement by China of a World Bank loan to cover its university development programme. The visit is being organized in conjunction with the Industrial Council for Educational and Training Technology, the Scientific Instrument Manufacturers Association, the British Council and the British Overseas Trade Board.

S African rates rise

Another rise in bank lending and mortgage rates in South Africa is likely within the next few months. Commercial banks announced a 0.5 point increase to 10 per cent in the prime rate last week, the first rise since July, 1976.

Irish ferry cash

The European Investment Bank has lent the equivalent of Irish £5m (£3.9m) towards a new car, lorry and passenger ferry to operate on routes between Ireland and Britain. The 15-year loan is to the British and Irish Steam Packet Co.

French industry aid

The French Government has earmarked Fr4,500m (£418m) this year to help boost necessary industrial investments. Mr René Monory, economy minister, said. The aid, in the form of long-term loans at favourable rates—two points below market levels—is also designed to support economic activity and help French companies meet international competition.

Peking cutbacks

Premier Zhao Ziyang said in Peking it was necessary for China to stop some large construction projects in order to control inflation. Mr Zhao told visiting Japanese parliamentarians that China would move forward with the projects after inflation was cut back.

\$50m Ecuador credit

Ecuador is borrowing \$50m (£21m) through an eight year Eurocredit to finance public works, according to its loan coordinator and gear, Lloyd Bank International. The loan will carry interest at 3 per cent over six month London interbank offered rates.

Germany pulls out

The West German research and technology ministry is to end its financial contributions to a DM1,400m (£300m) joint American Japanese and West German coal liquefaction project at Morgantown, West Virginia. The ministry's decision comes after a cutback in its 1981-1983 budget.

Japan cars curb

Mr Willy Claes, Belgium's economic affairs minister, said he plans to impose limits on Japanese car imports. Belgium is negotiating with The Netherlands to ensure quotas are imposed uniformly by the Benelux countries, but the Belgians may act unilaterally if no agreement is reached.

Engineering company

In yesterday's "Industry in the Regions" column the name of the company Howorth Air Engineering of Bolton was incorrectly spelt. This was the result of a transmission error, for which we apologize.

UK microprocessor systems aid navigation

The microprocessor is making its presence felt at the Boat Show in Earls Court, particularly in navigational equipment. Since its launch at the show last year, the Systmaster, a British design, now has orders worth £500,000.

The system was designed by Systmaster of Frintley, and produced by its sister company, Systems Production. The units are sold worldwide.

Seven of the company's microprocessor systems have been on display. One, the NCS 4000 allows navigation by means of a global network of beacons used as "fixes".

By tuning a radio receiver on medium wave into two or more beacons and rotating a direction finding aerial, the bearings of the beacons in relation to the vessel can be determined and the position of the craft found by plotting the intersections of these bearings.

The microprocessor helps by facilitating the handling of the data.

Spurious signals from more distant beacons operating on

Builders' fears about 1980 squeeze confirmed by Whitehall figures

Housing starts 'lowest' since 1930s

Figures to be published by the Department of the Environment next month are expected to show that builders started work on fewer new homes in 1980 than in any peace-time year since the 1930s.

They are likely to confirm that starts in the public sector were down to about 55,000, the lowest post-war total. Private sector starts are expected to be little more than 100,000, the lowest since 1953.

Last year, the industry built 221,000 homes, and as recently as 1976 starts totalled 325,000. A Green Paper, produced during the last Labour administration, spoke of the need to ensure a housing programme of 300,000 units a year.

Department of Environment statistics published yesterday show that only 11,400 new flats and houses were started in 1980 in the same month in 1979. Over the three-month period to November, public sector starts were down by 40 per cent on the corresponding period in 1979.

On the same basis, private sector starts were down by 41 per cent.

So far, the number of homes actually completed has held up well because of the fairly lengthy construction period. Even so, completions in November were down from 25,200 in 1979 to 20,000.

The figures only confirm what house-builders throughout Britain feared several months ago: that 1980 was going to be a tough year. Not only have they experienced difficulty in selling those homes actually built, but they have found margins squeezed.

While house price rises have ground to a standstill—and in some areas prices have actually fallen—costs have continued to rise inexorably. According to the housing-

cost index published by Building magazine, costs, excluding land, rose in 1980 by 13 per cent. Over the 12 months, new house prices rose, at most, by 6 per cent.

Surprisingly, there has been no marked increase in bankruptcies among house-builders, who have become adept at cost-cutting during periods of adversity. The National Federation of Building Trades acquiesces, but it has been no more than employers added that many would have found their activities restrained, in any case, by non-availability of suitable building land.

Mr David Titcher, a director-designate with responsibility for land and marketing for Heron Homes, which has built some 9,500 homes since its formation in 1969, explained that lack of confidence on the part of buyers remained the single most important constraint on the house-building market.

"There are plenty of potential buyers around, and we have seen no decline in the general economic climate: whether they will be able to continue to afford the mortgage payments, whether they will be able to sell their own homes, and so on."

In 1979, Heron part of the diverse Heron Corporation, sold 1,100 homes. Last year, the total dropped to 900, and this year Mr Titcher expects it to be about 600 or 700.

Heron, which builds on a sub-contract basis, expects no real improvement in the market until at least it is optimistic that a further fall in mortgage interest rates will stimulate more activity.

Meanwhile, Heron, in common with many other house-builders, is offering a range of incentives to clear unsold homes.

Among these is an offer to pay a buyer's mortgage for a period of up to three years should he or she be made redundant. The company is also offering to pay a proportion of legal fees.

Other, larger builders are even more bullish, and Mr Laurie Barratt, chairman of the company which now ranks as Britain's largest house builder, recently said his company was poised for growth in 1981. Last year, it built about 11,000 homes.

The industry's own forecasts are less sanguine, although it is more worried at the prospect of a further sharp drop in market pricing, in order to avoid wasting valuable supplies now at the expense of future generations. Yet the point is ignored in the subsequent analysis, which presumes that price reductions to large industrial users. The editorial applauds the virtue of financial discipline on the nationalized industries but then says that this "must not be allowed to mask other issues" whatever that might mean. Finally it calls for the reduction of heavy fuel oil tax, but then says that taxes should be increased to make good the cost of reducing energy prices. In short, it presumes that the government should replace one set of doubtfully real problems by another.

British industry is losing competitiveness, but the problems generally go beyond the price of fuel. Specific industries pressing for reduced fuel costs should back their case by demonstrating (a) that rising energy costs have been as serious as the other components in their rising costs, and (b) that their energy efficiency is keeping pace with that of overseas competitors. Energy efficiency is of central importance, not only in maintaining competitiveness, but also in reducing demand for physically limited resources, and the

Much will depend upon general economic factors. Meanwhile, the industry would like to see Government giving the private sector encouragement in its memorandum on the Budget submitted to the Chancellor this week it called for the doubling of the mortgage interest relief to £50,000, easing of stamp duty, and changes in the operation of the development land tax to assist the release of land for house building.

John Huxley



Mr Oscar Hahn: Exhausting life of service.

Mr Hahn to retire from GKN

By Clifford Webb

Mr Oscar Hahn, CBE, 57, is retiring from the main board of GKN for reasons of health. Behind that bland announcement yesterday lies the remarkable story of a paralysed schoolboy who became a top industrialist, sailed a 40ft ketch around the world, and founded a northern European, and still found the time and energy to lead an exhausting life of service to the community.

In this, the Year of the Disabled, Mr Hahn's achievements from the confines of a wheelchair make a salutary reading. He was born in Berlin in 1923 and at the age of 10 contracted polio, which left him totally paralysed.

Four years later he recovered the use of his upper body and travelled to Britain to continue his education at Gordonstoun College.

From Gordonstoun, he went to Cambridge University. Fellow undergraduates still remember the time he propelled his manually-operated armchair from Cambridge to London in one day to win a bet. The prize was two pints of beer.

By 1938 his family had left Nazi Germany and acquired British citizenship. Birmingham-based aluminium forging company founded two years earlier by three fellow refugees.

After Cambridge, Mr Hahn joined the family business. He remained not to be a desk-bound manager, he designed and built an electrically powered buggy on which he made daily tours of the shop floor.

In 1968 when he was managing director of EKI Alloy sold to GKN, Mr Hahn was retained to run the company but this was no "obligatory" service contract. His potential as an organizer and motivator was quickly recognized by Sir Raymond Brookes, then chairman of GKN. By 1979 he was chairman of several subsidiary groups.

He was also responsible for GKN's steel rod business, which has been involved in talks with the Bank of England and the British Steel Corporation over nationalization of the steel industry.

Top-level talks sought over future of Talbot's Linwood car plant

By Ronald Faux

Scottish Office ministers are seeking to meet the senior management of Peugeot Citroën as speculation mounts that the Talbot car plant at Linwood, Renfrewshire, will close later this year unless a new model is introduced there.

The Government is seriously concerned about the wider implications for Scottish industry if the plant is shut down by the French parent company, which expects to lose £140m this year.

Linwood produces the Avenger, a dated model, and the Sunbeam, which has not sold as well as expected. The plant is in a state of uncertainty. Talbot and the workforce at Linwood are pressing Peugeot

Citroën to build a front-wheel-drive model now being designed which will replace the Peugeot 104 in Scotland.

So far the unions have not been reassured by statements from the French company that they would maintain a strong manufacturing base in the United Kingdom. This could refer simply to the Dodge truck division of Talbot in England. The workforce at Linwood has already been cut by almost half to just over 2,000 since the takeover two years ago. At present workers are on a three-day week.

The meeting of Scottish Office ministers and the company's owners will consider a range of assistance available for the modernization of the plant.

This would include a 22 per cent regional development grant plus discretionary grants, which could cover about one-third of the total cost.

Mr George Younger, Secretary of State for Scotland, is clearly prepared to do anything in the Government's power to encourage Linwood's development, mainly because of the disastrous effects that closure would have on the Scottish steel industry and numerous other suppliers.

In a statement yesterday, Mr Younger admitted his concern to secure the future of Linwood but added that there was no truth in suggestions that he had been asked to "bail out" the plant, which overseas businessmen in Japan or elsewhere.

Wales site for wind generator

By Nicholas Hirst

Carmarthen Bay power station in Dyfed, South Wales, has been chosen as site for a prototype wind generator to supply electricity to the national grid.

Small-scale generators for use in remote areas such as the Scottish Islands have already been proven commercially. A 40ft high generator with 15ft blades was recently installed and is providing power for a dairy farm at Ronaldsway, South Orkney.

The Central Electricity Generating Board intends to test large scale generation. The generator planned for Dyfed will be in the 50-200 kilowatt range, costing around £1,000 per kilowatt (a kilowatt provides sufficient power for a one-bar electric fire) and will be used to gain operating experience for using a larger machine.

Sited at a disguised airfield at Wigsley, near Lincoln, Bradwell nuclear power station, Essex, and Richborough power station in Kent are being investigated for use for the first large-scale generator of between 1,000 and 4,000 kilowatts.

Tamworth Co-op shuns Birmingham merger

By Derek Harris

A merger of one of the co-operative movement's most successful smaller retail societies, at Tamworth, with one of the movement's largest, at Birmingham, has fallen through for the time being.

The Birmingham Co-operative Society had already changed its name to the Greater Midlands Co-operative Society in anticipation of the merger, but a members' meeting at Tamworth has failed to produce the necessary two-thirds majority in favour of the move.

The Tamworth voting—152 against the merger to 151 for it—represented only 1 per cent of the total membership. Tamworth's leaders are examining how far the membership appreciated the case for the merger and this may lead to a call for a fresh vote.

The proposed merger, which is the latest of a spate of such moves, would have created a society with a combined turnover of £10m, of which Tamworth would have contributed around £10m. The Birmingham society is the fifth largest retailing operation in the movement.

The merger talks came after Tamworth's expansion plans

were balked by its modest resources both financial and in specialist skills like property management and marketing.

Although it had a superstore site at Wilnecote, the £35m project was disproportionately large for Tamworth's resources and the Birmingham society was allowed to lease the site and develop it. It has been operating successfully for six months, it is claimed.

Tamworth is one of the movement's more successful societies. Its net surplus—which would be profit in a commercial company—in 1979 was three times greater than that of the Birmingham society, £463,000 compared with £149,000.

Birmingham's surplus has been low for two years largely because of costs of closing down around a fifth of its small outdated outlets, which are now down to about 200.

But Tamworth's surplus as a percentage of sales stood at 5.5 per cent compared with a national average among societies of 1.2 per cent. The Birmingham percentage was only 0.1 though this society has extensive assets backing which even at its written-down value stood at £11.54 m in 1979.

Wage councils 'cause job losses'

By Frances Gibb

Wages Councils are pricing people out of the labour market and creating unemployment, according to a report yesterday by the National Federation of Self Employed and Small Businesses.

The report says that wages councils are outdated and should have their statutory powers removed, including the right to set minimum wages.

Minimum statutory wages have had a serious impact on employment, the report says. They affect particularly the employment of school leavers, women, and ethnic minorities, all of whom might be prepared to settle for lower wages to obtain a job.

They also affect those who are thrown out of work because their employers are prevented from offering them the choice of lower wages or redundancy, and small business which cannot absorb sudden and often unexpected wage increases.

Mr David Dexter, the federation's chairman, said yesterday: "Most Wages Councils were set up 60 years ago to deal with 'sweatshop' conditions and 'slave wages' which are no longer relevant in today's society and by consistently making awards which far exceed the rate of inflation they are literally destroying job opportunities."

The councils might be useful in some trades as a forum for collective bargaining, but this bargaining should be done on a voluntary basis. As a first step, the report says that the Government could convert the councils into statutory joint Industrial Councils, without enforcement powers.

It also urges firm dates for Wages Councils meetings and a timetable for negotiations. No awards should be backdated to time before publication of the order.

Priced Out! The Effect of Wages Councils on Jobs: National Federation of Self Employed and Small Business Ltd, Price £1.

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LETTERS TO THE EDITOR

Problems of energy costs in industry

From Mr Tony Speller, MP for North Devon (Conservative)

Sir, Your editorial of January 8 on the cost of energy to United Kingdom industry clearly sets out the need for market pricing, in order to avoid wasting valuable supplies now at the expense of future generations. Yet the point is ignored in the subsequent analysis, which presumes that price reductions to large industrial users. The editorial applauds the virtue of financial discipline on the nationalized industries but then says that this "must not be allowed to mask other issues" whatever that might mean. Finally it calls for the reduction of heavy fuel oil tax, but then says that taxes should be increased to make good the cost of reducing energy prices. In short, it presumes that the government should replace one set of doubtfully real problems by another.

British industry is losing competitiveness, but the problems generally go beyond the price of fuel. Specific industries pressing for reduced fuel costs should back their case by demonstrating (a) that rising energy costs have been as serious as the other components in their rising costs, and (b) that their energy efficiency is keeping pace with that of overseas competitors. Energy efficiency is of central importance, not only in maintaining competitiveness, but also in reducing demand for physically limited resources, and the

statistics show that British industry as a whole is no more efficient now than it was in 1974.

The NEDC task force is a welcome development, since an agreed set of facts would be of immense value in removing the confusion which presently surrounds the energy price debate. One area for their attention should be the effect exchange rate movements have in obscuring international price comparisons. It is important that the problems specific to our energy-intensive industries should be separated from the more general exchange rate problem faced by industry as a whole.

The CBI now suggests that large users of industrial gas and electricity should be helped by the restructuring of tariffs in their favour. There is justification for this but it also has obvious implications for smaller users, including many of the CBI's own members. It also has implications for gas supply, since a significant price advantage over the competing oil producer would surely precipitate excessive demand for gas from industry.

I do not seek to minimize the importance of the problems facing energy-intensive industry in the United Kingdom, but feel that solutions are not as readily attainable as you suggest.

TONY SPELLER, House of Commons, SW1A 0AA, January 9.

Disconnexion of gas supplies

From the Deputy Chairman of the British Gas Corporation

Sir, The allegation that the gas industry is trigger happy in disconnecting customers to gas who fall on hard times (The Times, December 19) is rejected totally.

Your story referred to a recently published report, "A Charter for Fuel", by the Yorkshire Regional Council, which stated that many gas and electricity boards "made disconnections in what appeared to be an indiscriminate way, often causing hardship in winter to the most vulnerable people."

The electricity boards are well able to defend themselves, so I refer only to the British Gas record on this matter.

The National Gas Consumers' Council monitors the operation of the code of practice by the corporation and has found only minor breaches, both borderline, out of over 8,000 cases examined.

We work closely with the DHSS and local authority social services to avoid disconnections and customers with difficulties are urged to discuss the problem with us before getting into arrears. Various methods of easy payment are widely publicized.

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ECGD and exports to Jamaica

From Mr R. E. F. de Pass

Sir, In April, 1980, Export Credits Guarantee Department withdrew cover to exporters to Jamaica without warning, presumably on a combination of political and financial grounds. This caused the cessation of a very large amount of export trade from the United Kingdom to the island.

At the end of October, there was a change of government in Jamaica, and within a very few days delegations of exporters from the United States were in the island offering their services. Unhappily no British mission has so far visited the island, due, principally, to the continuing reluctance of ECGD to reinstate their cover.

My company has been trading with Jamaica for nearly 100 years, and during this time we have never had a commercial default. Our experience is, I am sure, not unique in trade with this island, and so I am forced to the conclusion that, up to the present, insufficient notice has been taken by the authorities of the changed political and financial climate in Jamaica.

It is, therefore, hard to understand a recent report in the press that the Government is constraining ECGD not to restrict trade with Poland, whilst at the same time there is no indication that they are pressing the Department to reinstate cover to a very old member of the Commonwealth—Jamaica. Quick action is required to assist urgent rehabilitation of this island to await a new deal with the International Monetary Fund is only delaying the United Kingdom's traditional exports for the benefit of our trade competitors, and at the same time weakening the very old links within the Commonwealth.

ROBERT DE PASS, 58 Borough High Street, London, SE1 1KF, January 8.

Discounts for cash payments

From Miss J. M. Stubbs

Sir, Since the autumn you have published a number of letters concerned with aspects of purchasing. Most of these have concerned the desirability, justification or necessity for surcharges on credit card customers.

It seems to me that with an ever increasing drift to credit card purchasing the marked price of any article for sale is effectively a credit card price (ie the surcharging is built into the price and the trader works out his sums in the knowledge that his net income will be the "discounted" price). In this case then surely the discussion should not be concerned so much with the desirability of card customers but with automatic and universally accepted discounts for cash or cheque paying customers? The person who saves up to buy his necessities should have the right to make his purchases at the same price as those charged for the goods supplied to his card carrying friends.

J. M. STUBBS, 21 Westfield Road, Great Shelford, Cambridge, January 9.

Indonesia and the textile industry

From Mr Anthony Holland

Sir, So the trade dispute with Indonesia has been solved by enlarging their quota of duty-free textile exports to Britain. I agree the quota is less than the industry feared, but also that there should be compensating job opportunities in other industries. Nevertheless, the effect will be, predictably, another few hundred textile workers on the dole.

Five, but those of us remaining in the textile industry feel the very least the government could have done was to insist that Indonesia opens its doors again to British cloth by slashing the current 75 per cent duty which makes it virtually impossible. Gaining this point would, at least, have demonstrated the Government does care for what is left of the textile industry.

Britain has been a long standing supplier of cloth to Indonesia, whereas, until three years ago, their textile exports to us were a statistical non-event.

ANTHONY D. R. HOLLAND, 7/8 Warwick Street, London W1, January 9.

Romance in investment

From the Reverend E. F. Syngé

Sir, A short time ago you printed an article about the fall in the numbers of small investors. No one seems to have noticed it, but it is a pity that so many of our small investors are being misled by the press.

It is this, that the writer omitted romance. Most so-called investment today seems to be either speculation or, more modestly, a revival of romance in the financial world.

Yours faithfully, E. F. SYNGÉ, The College of St Barnabas, Blackberry Lane, Lingfield, Surrey, RH7 6NJ.

Recently I had some money

to invest after a take-over, and despairing of finding a small, go-ahead company, I turned to one of the small company

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Indonesia and the textile industry

BY THE FINANCIAL EDITOR

Fisons drops a bombshell

Bad news is coming thick and fast for Fisons with yesterday's bombshell that it is having to drop one of its most promising pharmaceutical prospects, the anti-asthmatic Proxipromol, knocking 28p of the shares, which closed at 160p. Only last week the group announced a fundamental restructuring of its fertilizer division the financial implications of which are likely to mean a cut in the dividend, which would have been uncovered in any case on a current-cost basis after the more than halved profits that now seem certain to be announced for the current year. Troubles in agrochemical business have already forced it to seek out Boots as a partner.

Out of this, the pharmaceutical division has been shining like a beacon. The latest figures for the six months to the end of July showed that this division accounted for almost three-fifths of the £11.1m pre-interest profits. And, while this division has been trying to offset margins squeezed by the strength of sterling and difficulties in getting price increases through, it has plainly been the one on which Fisons has been staking a lot of its future, pumping £8m of its £14.4m research and development spending into it last year. With the long lead time it now takes to get new drugs onto the market, there is no chance of another product plugging the profits gap that is likely when the initial patents run out next year.

The rebound in the share price after the fertilizer shock has owed much to takeover hopes, particularly the group had wielded these in the very part of the company that had deterred potential bidders. But with doubts on the pharmaceutical side it is now looking as though the takeover prop even with the market capitalization of under £80m not much more than half fixed assets is starting to look a little shaky.

● The figure of £2,310m for the central government borrowing requirement in December was every bit as bad as financial markets had feared. For the nine months to December the cumulative total has moved up to £13,060m and something fairly dramatic will have to happen in the final quarter of the present financial year to overturn market estimates of a full year public sector borrowing requirement in the £12,000m-£13,000m area.

Although the rate of increase in supply service expenditure—the major ingredient of central government spending—has been cut back marginally from almost 26 per cent after six months, it remains high and certainly uncomfortably higher than the 28 per cent rate of increase originally forecast for the full year. There should, of course, be steady improvement over the coming months as some of the larger pay awards of last year start to drop out of the year-on-year figures.

But it is still going to take time to bring about a significant deceleration in the rate of increase, while the extent to which the government will be able to achieve a better balance between the rate of increase in relative public and private sector costs during 1981 remains to be seen.

At this stage it is little wonder that gilt-edged investors remain highly cautious; the seasonal improvement in public sector finances in the January-March quarter has in the past proved a highly dangerous bull trap. Investors, moreover, see little likelihood of the authorities tightening up the funding tap over the next few months, so they see plenty of reason to bide their time.

But if there are a number of clear constraints on longer term interest rates, the same constraints do not automatically apply to short-term rates. Much will presumably depend on how the news background, not least on the pay front, shapes up over the rest of the month. But once the December retail price index is out of the way, the Government could well make out a strongly plausible case for a small reduction in real interest rates.

Meanwhile, if United States rates are not destined to fall steeply, the money supply figures coming out at the moment look good enough to suggest that we probably really have now seen the peak of the present cycle.

Insurance brokers

Little evidence of recovery

Insurance brokers provided one of the stock market's few firm spots yesterday helped by a mildly bullish circular from W. Greenwell and disappointing rather than bad figures from one of the sector's smaller fry, Hogg Robinson.

Hogg, in fact, saw interim profits dip 15 per cent to £2.32m despite, apparently, a relatively strong showing from the growing travel interests. But a maintained dividend and the promise of full-year figures comparing "favourably" with the previous set were sufficient to lift the shares a couple of pence to 110p.

In Hogg's case, absence of provisions which took £650,000 last time could indeed keep profits close to last time's £8.6m but the shares offering a likely p/e ratio of over 9 and yielding 7.4 per cent still look vulnerable.

Hogg relies heavily on agency commissions from the Lloyd's insurance market, which this year could provide over 25 per cent of profits reflecting the market's successful 1978 underwriting account. There must be fears, however, that these earnings will come close to evaporating next time as they reflect the parlous conditions Lloyd's underwriters encountered in 1979.

Meanwhile, recovery hopes for brokers generally are hardly soundly based at the moment. Some flickers of life in marine and aviation have led some observers to predict at least a "bottoming out" of premium rates in the current year, while any weakness in sterling would put some gloss on overseas profits.

However, with stock market conditions in the United States still sufficiently buoyant to encourage underwriters to write business purely for investment income and the possibility of inflationary moves in the United States, both these predictions could be wide of the mark. At the same time, any fall in interest rates could only have an adverse effect on brokers' investment income.

Gold Time for a re-assessment

It may be time for a fundamental re-assessment of gold and gold mine shares. Measured in dollars, the gold price has been bumping around between \$550 and \$600 for a while, while the gold mine index has been pointing downwards. More important, few voices are heard predicting instant recovery for bullion, and some are even suggesting that shares should be sold.

After all the excitement of gold's historic adjustment to inflation, partly promoted by quite fortuitous political factors, it is evident that in its current phase bullion is influenced by technical forces such as currencies, interest rates, inflation and stock markets. The relative weight of these at any one time is very hard to determine, and the absence of a clear trend has kept buyers out of the bullion market and encouraged sellers to take profits or cut losses.

Difficult though it is to disentangle these influences, they certainly do not seem particularly encouraging at the moment for either bullion or shares. Interest rates look as if they will stay higher than was expected for longer, the dollar is firming a little, and for a while last month at least the Dow Jones was outperforming gold mines.

This pattern could stick for several months, with only an international crisis not already discounted or an increase generally in inflation breaking it.

Some life has been breathed back into the share market by institutions seeking the income they cannot get from blue chips. With top quality mines such as Kloof, Hartbeestfontein, President Steyn and Free State Geduld currently offering around yields of up to 20 per cent the move is not surprising. It is, moreover, a principle entertained in some quarters that a share is best bought when at the bottom.

But where is the bottom? Last week's quarterly results from Gold Fields showed that for the first time in 18 months profit growth has stopped, until grades are raised anyway. Measured in Rand, which is what matters to the mines, the average gold price received hardly altered. In the present quarter, however, the mines could well suffer a decline in gold price. As a result, the recent spectacular increase in dividends can be expected to slow down, especially since many mines are committed to heavy capital spending.

Dividends will be enough to keep yields attractive, but as long as interest rates remain so high the historic premium for South African investments will be very narrow if it exists at all. Only a definite upward trend in the gold price or a fall by interest rates to much lower levels can change that. If, however, gold does not move one must question the argument that bullion is bound to maintain its real value. And that in turn would upset all calculations about present value of mines and the basis on which shares are priced.

British industry is showing a belated interest in quality control techniques. Peter Hill reports

How Japanese workers go round in profitable circles...

Tucked away in a corner of the latest issue of the weekly journal of the Department of Trade and Industry is a trailer advertising a forthcoming mission to study Japanese manufacturing and quality assurance techniques.

The mission reflects an increasing awareness among British industrialists of the edge which Japanese manufacturers now have over their Western counterparts in product quality, a factor which has manifestly influenced Japan's ability to carve out significant slices of key product markets.

Tomorrow, managers, trade unionists, shop-floor workers and Government officials will have a chance to examine at a conference the concept which is central to the Japanese effort—the quality control circle. The conference, organized by the National Economic Development Office, results from an initiative by Mr John Nott, former Trade Secretary, in a paper to the National Economic Development Council three months ago.

Close working cooperation in Japan between companies and their suppliers of materials, components and sub-assemblies, ensures that quality problems are tackled at an early stage and that companies' quality targets are met," said Mr Nott. "This contrasts with the traditional view of quality shortcomings that commonly arise in the West where such cooperation is less certain."

In Japan, quality control circles involve small groups of shop-floor workers (although membership does not exclude managers) who meet voluntarily in groups of up to a dozen under the chairmanship of a foreman or shop steward. Their task is to analyse and resolve problems which directly affect their work, problems which may have gone unresolved for decades but for which they, uniquely, are able to develop solutions through the expertise and knowledge which they have accumulated.

Quality control circles also provide a focus for the identification of all workers involved in a plant or in a company with

the underlying philosophy that it is in everyone's interest to produce goods which are not only of high quality but are competitively priced and efficiently manufactured.

Japan is not the only country to have experimented successfully with the idea. Experience has shown that the relationship developed and the team spirit engendered by the application of the quality control concept in the United States and increasingly in Europe leads to enormous benefits and improvements.

Impressive achievements have been recorded. One Norwegian steel company recently revealed that by implementing a simple modification suggested by a circle it had managed to save \$48,000 a year by reducing the number of damaged wire rod coils.

In the missiles system division of Lockheed Corporation an investment of about \$700,000 to establish quality control circles produced savings of more than \$5m over a four-year period.

Dr Joseph Juran, the American quality consultant who played an important part in advising Japanese companies on quality control procedures, has been quoted as saying: "But even though the concept of the last war said recently: 'One way of looking at the Japanese export success story is to see it as the huge return on investment in a massive quality training programme'."

But even though the concept requires a positive and continuing commitment by management particularly in the early stages, training facilities must be provided and basic education in problem solving.

Equally important is the ingenuity of management to implement the ideas and solutions which flow from the work of the circles.

In Japan the achievements of circles are considerable and wide ranging. Nippon Steel, the largest steelmaker in the world, estimates that 25 per cent of its profits result from the quality control activities of its shop-floor personnel.

Last year Sanyo Electric said that it saved \$181m through company-wide management improvement campaigns and at least one-third of that saving was the result of quality control activities by blue collar workers.

Komatsu, the large construction machinery manufacturer, saved \$4,640 on the telephone bill of one of its distribution centres as a result of ideas formulated by a circle of nine office workers.

In a recent interview, Dr Juran stated: "Top management (in the West) is going to have to start taking an interest in quality. The big opportunities for improvements and cost savings are there, but top management just does not know about them."

Neither he nor other quality control experts suggest that the quality control concept alone has been responsible for Japan's extraordinary progress to economic super power status, but it has played a significant role over the past thirty years; equally experts do not suggest that it will be possible to mirror exactly the Japanese model in the West. But there is general agreement that they can have an enormous impact in breaking down the frictions, tensions and traditional "them and us" attitudes to everyone's benefit.

What is the emphasis which emerging industrial nations are attaching to the Japanese quality control model?

Both South Korea and Taiwan have established national centres to monitor quality control activities; an estimated 400 companies in Brazil deploy quality control circles. In the EEC, in Scandinavia and in Britain the quality control circle technique is being cultivated and the experience of Rolls-Royce, one of the pioneers provides a useful insight.

According to the planners, to achieve this the country will require at least for another two to three years some hefty financing from abroad (along the lines of the \$1,000m loan package agreed by 15 countries of the Organization for Economic Development and Cooperation (OECD) last year). Large-scale rescheduling of external debt now estimated at over \$21,000m (one-third of it in arrears of interest), is also considered essential.

What seems to have disheartened Turkey's creditors, however, is the absence of any significant signs of economic recovery one year after the stabilization plan went into operation.

Turkey's economic growth rate in 1980 was almost zero; unemployment rose to five million; inflation lingered close to three figures; the local currency



Mr Turgut Ozal (left), Turkey's deputy prime minister who is representing his country at the London meeting, and Mr Ismail Aydinoglu governor of the central bank until last weekend.

Turkey asks for more time

Representatives of 16 international banks are meeting in London today to consider a Turkish request for easier repayment terms on already rescheduled debts of more than \$3,000m.

The meeting comes at a time when Turkey's military regime feels squeezed between the need to shield the country's long-term economic stabilization plan against political uncertainty and the growing impatience of her Western creditors for an early restoration of parliamentary democracy.

Turkey's economic plan was launched a year ago by Mr Turgut Ozal (who is putting the Turkish case in London this week) and given the green light by the International Monetary Fund (IMF). It has since been espoused by the Turkish generals who seized power on September 12. The generals have given Mr Ozal broader powers and named him deputy prime minister. Over the weekend Mr Ozal's powers were consolidated when the junta dismissed Mr Ismail Aydinoglu, the governor of the central bank, who had criticized the deputy prime minister.

The main target of the stabilization plan is to increase production in order to stem unemployment (now at 20 per cent), increase exports and check inflation (running at 100 per cent). The strategy is to secure healthy financing for investments and imports by way of attractive bank interest rates and other incentives, and to build up an infrastructure which will give this growth a self-sustained impetus.

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Turkey's economic growth rate in 1980 was almost zero; unemployment rose to five million; inflation lingered close to three figures; the local currency

At the same time the government, which seems more determined than its political predecessors to encourage foreign investors, wants to partially denationalize some of the state-owned enterprises were had management and overstaffing have been causing enormous deficits.

The new government hopes it can stimulate a 3 per cent gross domestic product growth in 1981 and bring inflation down to 40 per cent. The success of these efforts, however, depends heavily on how much Western aid Turkey can obtain both in terms of recycled debts and in hard cash under the OECD's umbrella.

rency was subjected to 14 "parity adjustments" which devalued it by one-half.

The external trade deficit soared to \$4,000m as the country's exports sluggishly failed to catch up even with the cost of oil imports at \$3,100m. Domestic demand slackened because of inflation. Coupled with the high cost of borrowed money, this discouraged the expansion of production which, anyway, is not of a quality that could easily find export markets.

Low quality, in fact, has tended to reorient Turkey's exports from its traditional OECD clientele, which in 1973 absorbed 71 per cent of it (and last year only 60 per cent), to the Arab countries whose share increased from 6.8 per cent to 20.

The results of the first year are disappointing. But analysts who have scrutinized the indicators of the last three months of 1980, have noticed some rays of hope, especially in exports which were enhanced by the lira devaluations.

Furthermore, the military government has been taking some drastic action to get rid of some of the economy's structural defects. It has decreed, for instance, a set of 21 tax reforms which no political party had felt strong enough to pass, as well as some labour laws which reshape management-labour relationships on a more rational footing.

A sharp increase in bank interest rates resulted in a 29 per cent growth of bank deposits within a few months, and, in order to attract the savings of Turkish workers abroad (estimated at \$10,000m) the banks are now authorized to offer a 17 per cent interest on a convertible currency deposits.

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Mario Modiano

...and why they are doing it in Derby

'It represents a means of getting people's experience more closely invested in the enterprise'

Among the 30 or so British companies which have introduced quality control circles into their operations, the Derby-based state-owned aero-engine company, Rolls-Royce, has played an important pioneering role. The "father" of the idea was Mr Jim Rooney, the quality engineering manager. Fired by the obvious success of being recorded at the Lockheed Corporation's missile division, he decided in 1977 that R-R could benefit from adoption of the techniques.

His judgment has been amply vindicated. Over the past 30 months total cost savings of £520,000 have been achieved, and there has been an improvement in the quality of some key aero-engine components which have been the subject of circle study work. The idea is now spreading more widely within R-R, and outside suppliers are anxious to learn more.

One project successfully tackled by a quality control circle was the reduction of the scrap rate arising from machining of turbine blades. Conventionally that was running at a rate of about 4 per cent. Reorganization of equipment layout and other changes in the working area involved cut the scrap rate to less than 1 per cent and produced savings of £26,000 a year.

Another project involved cutting down the rejection rate on the production of cooling rings. Modification of the cutting tool produced a sharp increase in the production of rings which met the tight specifications set by R-R.

There have been many others. Mr Rooney says the

investment in the concept has been more than justified. He estimates a return of 10 to 1 on the money invested.

Now retired from Rolls but retained by the company as a quality consultant, Mr Rooney says: "The one aspect which attracted me to the idea was that it represents a means of getting people's skills, knowledge and experience more closely invested in the enterprise and to encourage people to become much more deeply involved in their company and their commitment to it."

At Rolls, workers are invited to join groups and after an initial introduction to problem solving, the groups, which often include supervisors, can set about tackling a particular project.

The trade unions have been very responsive, says Mr Rooney. The movement has helped to break down some of the barriers which have developed over decades between shop-floor workers and management.

Twice a year the R-R groups explain their projects to the company's senior management. An invaluable channel of com-

munication has thus been opened up and while it has not completely evaporated, the feeling of remoteness has been greatly diluted.

Quality control circles are not a new idea. Mr Rooney, by dipping deep in the well of people's expertise and knowledge—which management has helped to create—companies are able to give workers some much more interesting since we began with the quality circles. You become more involved and have an opportunity to contribute something."

Mr Tony Hunt works in the general machining shop of the Derby works which manufacture small components. He has been a member of one of the R-R circles for the past two years. He is also a shop steward of the Amalgamated Union of Engineering Workers.

"A machine operators' job is not a very interesting one," he says. "But certainly it has become much more interesting since we began with the quality circles. You become more involved and have an opportunity to contribute something."

Mr Hunt sees no conflict with his role as a lay officer of a big trade union.

"When I have found it that the circle enables you to get to know people much better—people who you have worked with for perhaps twenty or thirty years—and the degree of mutual respect and understanding which develops is much greater."

"Let's face it, we all spend a great deal of our lives working. Through these circles you can improve your working life. You do not solve all the problems but it goes a long way towards it."

Business Diary: A great light hope of UK aviation?

Robin Britten's aerospace factory may be found after much searching deep within the walls of a fort built in the middle 1800s near Bembridge, on the Isle of Wight, to repel a French attack that never came.

But, although the location may be somewhat unusual, it now appears more than just possible that from it will spring a revived British light aircraft industry to replace that handed over on a plate to the Americans soon after the end of the last war.

The revival is based on the Sheriff, a four-seater, twin-engine machine, large parts of the prototype of which are now appearing and whose first flight is due in September.

Britten and his team intend that each Sheriff will sell for the equivalent of £47,000 in 1983 dollar terms, compared with £55,000 for its nearest equivalent in what *Flight International* refers to as American "Spam cans".

While the base of Aircraft Designs (Bembridge), the firm of which Britten is chairman, is out of the ordinary, Britten himself has little in common with the men who lead what is left of Britain's once multi-farious aerospace companies. He is the manager of the Holmes pop group which, he says proudly, has had more recent hits than any other British pop group, including the Beatles.

Britten was happily pursuing

this career when his brother John died suddenly three years ago, leaving behind his plans for the Sheriff. John Britten was the first half of the title of the Britten-Norman aircraft manufacturing company, which produced the most successful Islander and Trislander light airliners and which is now owned by the Swiss company Pilatus.

Robin Britten decided to take on the Sheriff while continuing with the Holmes. "I welcomed the new challenge," he says. "I did not want to see something that my brother had designed go to waste and I was motivated by the fact that some of the best light aviation brains in the country were available."

Work began two years ago in an upstairs room at the Britten family home in Bembridge but a year ago came the move to the fort to accommodate the staff which had by that time grown to a dozen and to be close to production facilities.

The recruits are a mixture of youth and experience the latter including men who have worked on almost every big British aerospace project since the war, from the Lightning fighter to the BAC 111 liner.

Britten sees the company's breakthrough to proper aerospace respectability coming at the end of 1979 when the Civil Aviation Authority gave its



Spam can do or spam no can do? Robin Britten, chairman of Aircraft Designs (Bembridge), and a model of the Sheriff, a new light plane he hopes will take off this year.

approval to it as aircraft designers. "We thus joined an unfortunately small band of 12 in Britain," he said.

Soon after that, Britten and his team of what he terms "boffinologists" were invited to join a consortium, one of the other members of which is McAlpine, which is developing under a contract with the Department of Energy a wind-energy generator. This, when located in the North Sea, for instance in large numbers will



Photograph by Dave Rainer

feed energy into the national grid.

Aircraft Designs Bembridge is bringing its aerospace expertise to bear on the dynamic problems inherent in such a project and in particular is producing a design for the windmill blades.

Britten sees his team on the Isle of Wight as ready to tackle almost any project where aerospace principles can be applied, from the design of parts of somebody else's air-

craft to the aerodynamics of a new car. More immediately, he is working with what he calls his "city cousins" to raise the money to take the Sheriff through to certification. It is a modest enough amount—some £200,000—but he is seeking, and he has a firm of stockbrokers in the City of London advising him.

After certification the plan is to hand over production to an aircraft manufacturing company, which will then produce the aircraft in batches of 40 at the start and then of 100. His company has already talked to a number of such companies both in Britain and abroad and he sees no problem in this area, particularly at a time of world recession.

Britten relishes diving in at the deep end at such a moment and lists the advantages he sees for a small company with a high-technology base such as his.

"Point one," he says, "is that during a recession the small company can obtain supplies within 24 hours, while when big companies are doing well they don't want to know. My brother, and his partner, Desmond Norman, had to wait weeks for air trays when they were developing the Islander and everybody was doing well."

"The recession should bottom out in about two years, by which time our first batch of 40 Sheriffs should be on the market. It will be too late to

start the development process at that point.

"Then there is the fact that the specialists which I shall require in the future for their company development are far more likely to make a move when they see the projects on which they have been working in large companies shifted against the hope of better times in the future. And the final point is that at a time like this, large companies have more time to talk to people like us and to give us the information which we need."

Britten admits that he went into the aviation business after his brother's death knowing very little about it but says that he has learned a lot since then. "Although I still keep my mouth shut at most meetings

He sees compatibility between employees as vital and although he does not appoint new staff, he likes to meet them beforehand to sum them up.

"Recording artists and aerospace huffins have a lot in common," he said. "Both groups are prickly and temperamental. I am a great believer in the sort of meeting where we can all get the bile out of our systems but after that we all go over to the pub and the understanding that nobody mentions 'shop'."

Arthur Reed

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STATEMENT OF CONDITION, DECEMBER 31, 1980

ASSETS		
Cash on Hand and Due from Banks	\$171,728,176	
U.S. Government Securities Direct and Guaranteed	120,908,698	
State, Municipal and Other Public Securities	82,089,841	
Federal Funds Sold	81,000,000	
Loans and Discounts	234,504,762	
Customers' Liability on Acceptances	24,184,181	
Other Assets	49,062,905	
	\$743,418,573	

LIABILITIES		
Deposits	\$618,510,094	
Federal Funds Purchased	43,300,000	
Acceptances: Less Amount in Portfolio	25,144,191	
Other Liabilities	18,199,004	
Capital	\$16,000,000	
Surplus	24,085,284	
	\$743,418,573	

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FINANCIAL NEWS

Stock markets

Strike fears give new account a gloomy start

The new account got off to a dismal start yesterday amid fears of widespread industrial action and a sharp markdown among oils.

Equities made a nervous start with prices falling sharply from the outset although they managed to calm down after lunch. From then on the market bided its time amid several small nervous offerings.

Dealers remained worried by

Diamonds are forever - the hope of stockbrokers. Royal Dutch which plans to launch a new fund at the end of this month, they intend to raise about £2.1m from a placing of units at a price yet to be decided. One problem they hope to overcome: there are more than 2,000 types of diamond and virtually every expert can give a different valuation.

the prospect of a strike by water and sewage workers with shipping shares also losing ground at the start of the seamen's action.

But the real brunt of early losses was borne by the oil sector in response to weekend comment in the press. Jobbers marked shares lower with heavy selling reported at the cheaper end of the market. However, a subsequent rally on Wall Street brought some relief to the majors, which closed off the bottom.

Business after hours received a little support from the

closure of several Ford plants to accept their pay offer, but attempts at a rally soon faded. The FT index, which was 5.7 lower at 10 am before dipping 6.9 at midday, eventually closed 6.1 off at 455.1.

Gilts made a hesitant start and were marked £1 lower in the wake of heavy selling at the start of the session. Prices recovered as much as £1 before lunch but faded after hours after the announcement of the Central Government borrowing requirement, which rose to £2.31bn in December, making a total of more than £13,000m.

As a result sellers appeared at the close of the day while falls of £1 were seen in shorts.

The fall of 304p among leading industrials after adverse weekend comment. Beecham lost 1p to 167p, Glaxo 5p to 252p, Unilever 2p to 446p, Hawker Siddeley 4p to 226p, Pilkington Bros 3p to 263p and Dunlop 1p to 65p.

The seamen's strike brought some sharp falls among shipping shares, although jobbers reported only small "crappy" selling.

Commonwealth Bank

dropped 2p to 296p, P & O 1p to 114p, and Ocean Transport & Trading 3p to 116p. But bid speculation continued to bolster Reedson Smith 'A' rising 4p to 104p.

In chemicals Fisons plunged

28p to 160p after hours after

news that the group had decided not to market its latest anti-cancer drug. The market appeared pleased with trading statements from Astra Ltd, up 2p to 451p. Daily Mail "A", 18p to 451p. Bett Bros, 2p to 51p, and Hogg Robinson, 2p to 110p. Hogg Robinson's profits slipped 4p from £1.1m to £1.0m while the profits of the Carclo Engineering 5p lighter at 45p and Braid Group 2p off at 16p.

In stores Raters hardened 2p to 50p after its interim report. Roskill rose 4p to 27p and E. Upton 1p to 35p. Support was also given to shares of Harrods Queensway, 12p higher at 198p.

The statement from the board of Jamaica Sugar over Mr Nicholas de Savary's 49 per cent acquisition left the shares 2p lower at 26p. J. Sainsbury dropped 6p to 365p after last week's 1.5m share placing and Associated Dairies softened 4p to 190p. Somporters, reporting today, hardened to 495p.

Allied Colloids weakened 3p

to 99p ahead of figures tomorrow as Associated Newspapers rose 3p to 246p after figures last week. Robt Lowe climbed 2p to 29p for a similar reason. Mr Joe Hyman's decision to

sell his stake and retire as chairman had shares of John Crowther 5p dearer at 26p. Bid speculation lifted Boustead 8p to 108p, Management Agency & Music 5p to 195p, Jentles & Cattle 7p to 30p, Warren Holdings 2p to 191p, Silkstone 7p to 262p and Mercantile House 2p to 563p. ML Holdings rallied 10p to 260p after weakness last week caused by the cancellation of a board meeting and Davies & Newman rose 7p to 100p reflecting its holiday interests.

Electricals showed further weakness in generally thin trade, still smarting from the changes at the Ministry of Defence. GEC slipped 5p to 583p, Racal 7p to 297p, ahead of figures later this month and Ferranti 10p to 435p.

Buildings had SGB Group 6p higher at 128p, ahead of figures later in the week, but profit taking clipped 10p from recent high flyer Phoenix Timber at 100p. Adverse comment left UBH 4p lighter at 53p.

retreated 8p to 396p, Shell 8p to 446p, Ultramar 10p to 483p, Lasmo 17p to 712p, Tricentral 16p to 216p and Burmah 3p to 183p. Among the second liners, Frimley 17p to 273p, IC Gas 8p to 250p, Clyde Pat 35p to 685p and Sovereign 15p to 385p.

The possibility of an immediate release of the US hostages in Iran brought a further wave

of selling in golds, mainly from South Africa and Europe. Anglo American tumbled 51p to 2481p, De Beers 51p to 2481p, W. De Beers 51p to 2481p, St Helena 51p to 2481p, and Randfontein 51p to 2481p.

In mining financials Consolidated Gold Fields shed 8p to 493p, despite De Beers picking up 300,000 shares at 500p in order to bring its stake nearer 29 per cent.

Equity turnover on January 9 was £129,763m (12,570 bargains). Active stocks yesterday, according to the London Stock Exchange, were: Premier, Euro Ferries, GEC, Plessey, Racal, BAT, ICI, Craystone, Marks & Spencer, H.K. & Shanghai, Shell, Bass, BICC and Barclays Bank.

Traded options - Business

reached a record with only 1,046 contracts recorded. BP featured strongly on 277 contracts.

Traditional options saw class

made in FMFC on 3p, Premier Oil on 10p, Ultramar on 4p, and Shell on 10p and with

Bros on 41p.

Record Christmas at Ratners after first-half setback

By Rosemary Unsworth

Ratners (Jewellers), with more than 100 shops in the UK and eight in The Netherlands, has escaped the worst of the recession during the first half. Although profits were down by a fifth, the board has been encouraged by a record Christmas and strong indications that the group has improved its market share.

Profits slipped by 21 per cent from £584,000 to £539,000 in the six months to October 6, while retail sales excluding VAT climbed by 5.5 per cent from £9.1m to £9.6m. During the same period Government statistics showed that the 1950 jewellers trade suffered a 5 per cent turnover fall, Mr Leslie Ratner, the chairman, pointed out. "These figures would indicate that we have therefore substantially improved our market share," he said.

The main reason for the profit downturn was the impact of interest charges, which cost the group about £145,000, or 27 per cent of the £539,000 profit, in 1979's interim results. In addition lower consumer demand affected trading, although Ratners stressed that this did not signify any long-term disadvantage.

The group has continued its modernisation and expansion plans, which entail opening up to 10 shops a year. Shops in Perth, Dumfries, Macclesfield, Dumfries and a second branch in Aberdeen were opened during the first half and Mr Ratner said that a few more would open during the second half. The quality of stock has also been upgraded.

Underlying trading strength was demonstrated in the third



Mr Leslie Ratner, chairman of Ratners.

quarter by another record Christmas, he said. "Although it is not possible at this juncture to report the effect of this encouraging feature on the outcome of the year, it is certainly the opinion of the directors that at this point the company is weathering the recession well." He also said that areas of high unemployment were spending no less than before.

The interim dividend has been maintained at 0.96p gross. Mr Ratner said that the final would be considered in the light of the full-year results. Last year Ratners made £3.1m pre-tax profit after producing only £379,000 profit in 1976.

The shares gained 2p to 50p after the announcement, and provide a 6.5 per cent yield, which compared with the 14.1 per cent yield of H. Samuel, which has a near 20 per cent stake in Ratners.

Board of Evered now backs Francis bid

By Peter Wilson-Smith

Independent directors of Evered, the oil-making West Midlands engineering group, have reluctantly recommended the 22p a share offer from Francis Industries. It is despite the fact that only last week Arab shareholders in Evered paid an average price of 24.88p for the shares in the group to 24.8 per cent.

Shares in Evered have also been trading above the bid price, easing yesterday's 24p to 24 1/2p before the boards reaction to the Francis bid was known.

There has been speculation that another party might counterbid for Evered. Astra Industrial, which owns 13.1 per cent of Evered and which yesterday announced a big improvement in half-year profits, is known to have expressed interest in Evered's properties in the past.

Mr Dennis Dukes, Astra's chairman, was not available for comment but Mr F. G. Enoch, company secretary, when asked whether Astra might be interested in bidding for Evered said: "Oh yes, we may well be."

The board of Evered said it neither fully reflected the asset value nor the long-term prospects of the company. However, because talks with other parties have proved inconclusive, and because a return to profitability now depended upon an upturn in industrial demand, the board recognised that the bid would be attractive to ordinary shareholders.

However, they have urged Francis to improve the 40p a share offer for the preference shares to a reasonable level.

Mr Paul Tapscott, the deputy chairman of Francis who is heading the bid, has known Mr Sandy Saunders, chairman of the board of Evered, since he was a boy. He was surprised by the bid, he said. However, Francis would now circulate the offer to shareholders. One of the conditions of the bid was that the directors should recommend it and accept it in respect of their beneficial shareholdings.

Ironically it transpires that 357,000 of the shares bought last week by the Arab shareholders, which Mr Dukes said, had been bought by the Zaidi Industries & Investment came from Wilson family trust in which Mr J. D. W. Field, Evered's vice chairman, was not beneficially interested. He too had no part in the decision to sell the shares.

It is unlikely that the Arab investors will accept the bid, which Mr Dukes said, was very unhappy with a large outstanding minority in Evered if the bid succeeded.

Potential bidder Astra Industrial, which Mr Dukes said, was transforming from an engineering into property company raised pre-tax profits from £262,000 to £55,000 in the six months to October 31. Besides a maintained interim dividend of 0.36p gross, there is a 0.71p payout relating to profits from the sale of an engineering subsidiary.

Plans for new copper contract

By Michael Frost

Mineral Consortium

A new London Metal Exchange copper contract, which would allow some cathode brands to be delivered against wire bar contracts, is under consideration and could be introduced in September.

The proposal has been put forward by a sub-committee of the LME. It envisages selecting a list of up to 30 cathodes out of the approximately 50 offered at present. The cathodes would have to be of continuous casting quality.

Bank Base Rates

ABN Bank 14%
Barclays 14%
BCCI 14%
Consolidated Credits 14%
C. Hoare & Co 14%
Lloyds Bank 14%
Midland Bank 14%
Nat Westminister 14%
Rosenstein 14%
TSB 14%
Williams and Glyn's 14%
* 7 day deposit on basis of £20,000 and min. 15% over £20,000 25% p.a.

Briefly

Agricultural Mortgage Corporation: Interest payable on the variable bond, due on July 13 will be 27.53p per £100 of bond at the rate of 15.0625 per cent a year.

Stoddard Holdings: Resolution was duly passed to approve and implement merger with Templeton Carpets and Textiles, a company which forms part of carpet business of Guthrie Corporation. Shareholders also approved a resolution to authorise directors to allot and issue 1.5m 7 per cent 2nd cumulative preference shares of £1 each to Guthrie for payment in full in cash at par. Proxies in favour of the resolutions representing over 78 per cent of total voting rights were received.

Murray Northern Investment Trust: Pretax revenue for half year to November 30, £450,000 (£440,000). Nav per share 103.5p (25p to May 31). Estimated 1980 year for year to May 31, 1.80p (1.79p).

Renwick Group: Mr S. Hinchiff, director, disposed of 35,000 ordinary shares on January 6 at 73p. These shares were listed among his beneficially held shareholdings. Jamies Sugar Estates: Directors have received formal notification that Mr Nicholas de Savary, and his associates had acquired 1.5m ordinary shares at a price of 15p per share (49 per cent of the issued share capital) and now Mr de Savary intends to make a formal offer to all other shareholders.

Claverhouse Investment Trust: Dividend 9.14p (8.5p) 1980. Pretax revenue £933,000 (£875,000). Eps 6.51p (6.05p). Nav per share 154.7p (116.02p).

Bett Brothers: Dividend 4.43p (2.5p). Turnover £20.5m (£20.3m). Profit £1.08m (£1.11m) net. Eps 7.2p (7.4p).

Brentford Beer: Due to delay in receiving audited accounts from overseas associate companies, publication of figures for year to September 30 has been postponed until January 14.

Mansfield Brewery: has completed purchase of soft drinks assets, of T. W. Beach and Sons of Evesham, Worcestershire, for £3,404m.

Central Manufacturing and Trading Group: Capaco Group acquired through the market on January 9, 95,000 ordinary shares in SMT for 51.25p. Capaco now holds 5.33m shares (30.2 per cent).

Yorkshire Investments: Energy, Finance and General Trust Holdings has disposed of 50,000 shares which reduces its holding to 5 per cent.

Business appointments

Underwriters' new chairman

Mr M. B. Rumsey has been elected chairman of Lloyd's Underwriters' Association for 1981 and Mr D. A. Pollock has been elected honorary treasurer. Mr Michael Hill Wilkinson has taken up the new position of resident director of Powell Duffryn in the United States of America. Sir Archie Lamb has been appointed a part-time member of the board of the British National Oil Corporation for three years. Sir Denis Rooke, chairman of the British Gas Corporation and Mr Gavin Laird, a member of the executive council of the Amalgamated Union of Engineering Workers, have been re-elected as part-time members for a further three years. Mr Tom Forrest has become managing director of Security Centres (Scotland).

Mr Anthony Chapman has been made United Kingdom sales and marketing director of Wilmans.

Mr J. R. Gentle has been appointed products and computer services director of IAL, responsible for all the company's manufacturing and computer services activities. Mr G. Cunningham becomes general manager finance and business development. Mr G. I. W. Dunford, commercial director, has assumed the additional role of managing director of International Hospitals Group, IAL's medical services subsidiary company. Mr P. Lennon, formerly public manager, has been appointed head of publicity.

The special non-parcels regions have now been formed within the National Carriers

Braid Group plunges into £870,000 loss

By Margaret Pagano

Braid Group, the vehicle distributors, yesterday blamed rising costs, high interest rates and reduced profit margins for its plunge into the red and its passing of the final dividend.

In the year to September the Liverpool-based group lost £872,000 compared with pretax profits last time of £595,400. Sales were up by £2m to £43.4m, but this reflects the first full-year contribution from Crainers of Burton.

After interest charges of £1.1m and £110,000 taxation, the retained loss was £793,000. The interim dividend was also passed. Tax loss per share was 16.5p against earnings last time of 11.7p.

Mr Denby Bamford, the chairman, says the board believes that all the necessary steps have been taken for the group to emerge from the recession in the industry. All of the group's operations, apart from Marsden Coachbuilders, long-term hire and the Ford dealer, Cranes, made losses. Three of these, Southport Engineering, B. E. Motors and Braid Motors, have been closed. Closures cost £221,000 and have been compensated by the sales of properties, yielding £220,300. Total funds of £1.5m are expected to be released.

The closures have eliminated

businesses that were running at losses of £260,000 annually after interest. Together with stock reductions in other parts of the group, they have helped to reduce borrowings. At the end of September 1979, borrowings were £438m. By September 1980 these had been reduced to £2.6m, and now stand at about £1.3m. The closures have meant 120 redundancies, leaving a total workforce of 900.

Braid deals mainly with Vauxhall vehicles, which represent 7.5 per cent of the UK car market. Although the group has no intention of reducing these outlets, it is looking at diversification of its franchises and continues to seek Ford outlets. Its British Leyland franchise at Colwyn Bay was extended last year to include Jaguar, Daimler, Rover and Triumph cars.

The slump in car sales is expected to continue into 1981. New car sales are unlikely to exceed 1.42m, with no improvement in used car sales. However, the recent rationalization of the industry is expected to produce an improvement in trading this year.

Mr Thomas Walton, director and general sales manager of Cranes, who it was acquired, has joined the board as group general manager.

Last year saw the completion of the reconstructed Vauxhall parts and service operation at Northwich, a sales, services and

Profits slip at Ellis & Everard

By Margaret Pagano

The recession is having a dual effect on Ellis & Everard, distributors of industrial chemicals. On the one hand, trading conditions have reduced first half profits, but the recession is also bringing new customers who are switching from large tankers to smaller orders.

In the six months to October, profits slipped to £701,000 from £835,000 last time on sales of £15m, against £13.9m. The interim dividend is unchanged at 3.57p gross.

Within the chemicals sector E & E is proving more resistant to recession than many companies. Peter Wood, the finance director, said yesterday. The group, with a 20 per cent market share of small chemical distribution, is benefiting from the growth of lots below certain tonnages. Its 18 depots and 100 vehicles can cope with any increase that customers transferring to smaller orders might bring. Five new distribution agreements in the last year will provide sales in excess of £1m this year, Mr Wood said.

The merchanting division, contributing 85 per cent of profit, showed record profits for the first half. It was acquired by the group but has seen hiccups in the fine chemicals and manufacturing divisions. In addition, Capital Leisure, the swimming pool manufacturer, lost £70,000 in the first half and as now topped trading at five large lots are to be sold and costs will be between £80,000 and £100,000.

Instead, the fine chemicals division, supplying colours to food and textiles, has also seen losses, but will recoup £100,000 from penalty clauses from the profits warranty.

Ashton assessment

Preliminary geological work indicates that the Upper Smoke Creek alluvial diamond deposit, part of the Ashton Joint Venture in Western Australia, has probable reserves of 500,000 carats. Order inflow, to DMS300m, matched the company's forecasts, but was down from DMS300m in the year before.

Mr J. R. Pount, chairman, said that the Ashton Joint Venture, which was acquired by the group, has seen hiccups in the fine chemicals and manufacturing divisions. In addition, Capital Leisure, the swimming pool manufacturer, lost £70,000 in the first half and as now topped trading at five large lots are to be sold and costs will be between £80,000 and £100,000.

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\$ Forward bargains are permitted on two previous days

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The Distillers Company Limited,
21 St. James's Square,
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are featured every

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Manchester
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Application forms and further particulars obtainable from the County Personnel Officer, County Hall, Trowbridge (telephone Trowbridge 3641 ext. 2049) to whom completed applications should be returned by Friday 6th February, 1981.

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We are looking for a solicitor with 3-4 years first class commercial legal experience, who has excellent academic qualifications, preferably to a postgraduate level. Specialised experience in finance work is desirable but not essential. The successful applicant must possess the skills, maturity and background to work as part of team in challenging and complex work for major companies. We will negotiate an attractive salary package.

Full enquiries will be treated in confidence. Please write (enclosing your curriculum vitae) to:

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BAKER & MCKENZIE,
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London

We are a major contracting company which designs and builds refineries and chemical plants worldwide. We are looking for a lawyer with probably not less than six years relevant post qualification experience who will:

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- Be able to draft and review agreements covering a wide range of commercial activities and participate as a member of a team in contractual negotiations.
- Be available for international travel in connection with the Company's operations.
- Have the self-confidence and personality necessary to advise and work with management at all levels.

The remuneration package is substantial and is geared to attract the right candidate.

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Getty Oil (Britain) Limited has a vacancy for a Lawyer reporting to the Manager, Legal Department.

The Company is engaged in exploration and production in the North Sea and also has interests in Europe and Africa. Its activities are expanding.

Candidates (male or female) should be qualified as a solicitor or barrister and must have experience in the negotiating and drafting of exploration agreements.

Age limits between 28 and 40.

A competitive salary will be paid commensurate with experience and qualifications including a generous package of other benefits.

Replies with full c.v. should be sent to the Administrative Manager, Getty Oil (Britain) Limited, 1 Butler Place, London SW1H 0PS.

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Exciting opportunity for enthusiastic, energetic, young graduate to join a leisure goods & property company. 1-2 years commercial experience with accounting knowledge. Starting salary £15,000-£17,000 plus fringe benefits. The successful candidate should be given increased responsibility with salary to match.

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PUBLIC AND EDUCATIONAL APPOINTMENTS

MAGDALEN COLLEGE

APPOINTMENT OF HOME BURSAR

The Home Bursar is responsible for the domestic management of the College. The College currently has some 60 Fellows and 470 junior members, of whom over 300 live in College accommodation.

The appointment will start on 1st September, 1981, and will be for one year in the first instance. Thereafter, it will be renewable on a five yearly basis. Salary will depend on age and previous experience. Closure date for applications: 27th February, 1981.

Application forms and further details available from The Senior Bursar, Magdalen College, Oxford OX1 2AL. Tel. Oxford 43150/41608.

University College of North Wales

CHAIR OF ZOOLOGY

Applications are invited for the Chair of Zoology, which has been formed by the amalgamation of the Departments of Zoology and Animal Biology, which have been merged into a single Department of Zoology.

The appointment arises from the fact that the Department of Zoology, which has been formed by the amalgamation of the Departments of Zoology and Animal Biology, which have been merged into a single Department of Zoology.

The successful candidate will be required to teach the first-year course in legal systems and methods, and is likely to have teaching and research interests in one of the core legal subjects.

Salary Scale: £16,056-£13,026 p.a.

Appointment will be made within the range £16,056-£13,026 p.a. at a point commensurate with the qualifications and experience to date of the successful candidate. There is a non-contributory pension scheme.

Application forms and further particulars may be obtained from:

The Establishment Officer,
West Theatre,
Trinity College,
Dublin 2.
Tel. 772941, ext. 1775.

The closing date for receipt of completed applications will be Monday, 16th February 1981.

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41-42 London Wall, London EC2

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PUBLIC AND EDUCATIONAL APPOINTMENTS

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Penrice, Gwent, Wales. Tel. 01-222 7500 ext. 213.

DIRECTOR OF MUSIC

required for April 1981. To lead a strong music department, to be responsible for the recruitment and selection of staff, and to be able to work under pressure. The successful candidate will be offered a competitive salary and excellent prospects for advancement.

Please ring 01-588 1031

UNIVERSITY APPOINTMENTS

The University of Leeds

DEPARTMENT OF MUSIC

Applications are invited for the West Siding Chair of Music vacant from 1 April, 1981 on the appointment of Professor J. R. Wood to the Chair of Music in the University of Manchester. The Professor will be appointed to the Headship of the Department in the first instance. The salary will be in the range £12,000-£13,000 p.a. (under review). The University reserves the right to consider for appointment persons other than those who submit formal applications.

Applications (two copies) stating age, qualifications and experience and naming three referees should reach: The Registrar, The University of Leeds, Leeds LS2 9JT (from whom further particulars may be obtained) not later than 19 February 1981; quoting reference number 12/6A. Applicants from overseas may apply in the first instance by cable, mail or telex, preferably in the United Kingdom.

London School of Economics and Political Science

STUDENT HEALTH PHYSICIAN

Applications are invited from registered medical practitioners for the post of Student Health Physician, which has been formed by the amalgamation of the Departments of Zoology and Animal Biology, which have been merged into a single Department of Zoology.

The appointment arises from the fact that the Department of Zoology, which has been formed by the amalgamation of the Departments of Zoology and Animal Biology, which have been merged into a single Department of Zoology.

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London School of Economics and Political Science

STUDENT HEALTH PHYSICIAN

Applications are invited from registered medical practitioners for the post of Student Health Physician, which has been formed by the amalgamation of the Departments of Zoology and Animal Biology, which have been merged into a single Department of Zoology.

The appointment arises from the fact that the Department of Zoology, which has been formed by the amalgamation of the Departments of Zoology and Animal Biology, which have been merged into a single Department of Zoology.

The successful candidate will be required to teach the first-year course in legal systems and methods, and is likely to have teaching and research interests in one of the core legal subjects.

Salary Scale: £16,056-£13,026 p.a.

Appointment will be made within the range £16,056-£13,026 p.a. at a point commensurate with the qualifications and experience to date of the successful candidate. There is a non-contributory pension scheme.

Application forms and further particulars may be obtained from:

The Establishment Officer,
West Theatre,
Trinity College,
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Tel. 772941, ext. 1775.

The closing date for receipt of completed applications will be Monday, 16th February 1981.

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